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THURSDAY, DECEMBER 23, 1943

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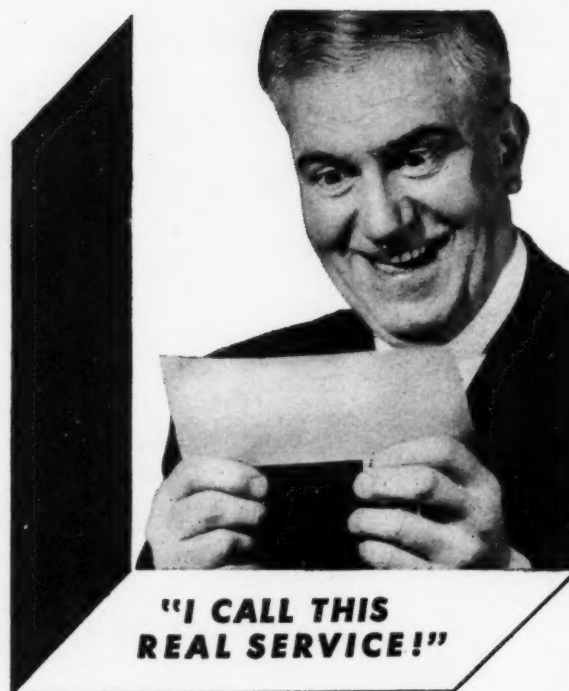
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Chicago Brokers Shy on Vote on States Rights Bill

Hold Special Meeting But President Denies Motion for Poll

About 100 members of the Insurance Brokers Association of Illinois engaged in a heated and frequently acrimonious, two hour, no decision debate Tuesday afternoon in Chicago on the merits of the states rights bills in Congress and the position that the organization should take on the legislation.

Most of those attending this special session apparently assumed that following the discussion a poll would be taken, but when Gail Reed, former president and a leading advocate of the states rights measures, offered such a motion, President Ray H. Johnson ruled that there could be no vote. He contended that the constitution requires giving 10 days' notice in advance of a meeting when a vote is to be taken on any question of policy. The fact that a poll might not be taken at the meeting seemingly had not occurred to those who desired the association to endorse the legislation and they appeared to be flabbergasted.

Holds National Significance

National significance attached to this meeting because the directors of the brokers association some weeks ago adopted a resolution opposing the bills and last week Attorney T. C. McConnell, counsel for the association, gave hostile testimony to the legislation before the Senate judiciary committee. This is the only insurance organization of the country that has come out against the states rights measures, and its stand has been cited by congressional foes of the bills.

At the insistence of a group of members who felt that the directors' resolution was contrary to the sentiment of the membership, the Tuesday meeting was called. When Mr. Johnson denied the motion for a poll many of the members left the room, but the debate continued for some time.

McConnell vs. Fetzter

Mr. McConnell spoke against the legislation for 40 minutes and then Wade Fetzter, Jr., president of W. A. Alexander & Co., spoke in advocacy of it. Although not a member of the association, Mr. Fetzter had been asked to expound the case for the bills by the group that brought about the meeting. C. A. Berger presented Mr. Fetzter and the other spokesmen for the bills, including Mr. Reed; Frank P. Lavin, chairman executive committee National Association of Insurance Brokers, G. A. Lloyd, John A. Warner, and G. H. Anderson.

After Mr. McConnell and Mr. Fetzter had completed their statements, the session developed at times into a free for all and Mr. Johnson had difficulty keeping the argument close to the issue. At one point Clark Nolan, who was one of the plaintiffs in the brokers suit against the Chicago Board, declared that he could produce seven vice-presidents of insurance companies who would testify that fire insurance rates in Chicago are 30% too high.

(CONTINUED ON LAST PAGE)

Ask for Windstorm Relief in Texas

Commissioners at Hearing Indicate Some Adjustment; Assured Support Increase

AUSTIN, TEX. — Windstorm premium rates may be revised in Texas, it was indicated at a hearing on the subject held by the board of insurance commissioners here Monday. Marvin Hall, fire insurance commissioner, acted as chairman. Casualty Commissioner Joe P. Gibbs made a closing statement in which he urged settlement of the problem of commission expenses. Relief of some sort is necessary for the companies, witnesses agreed, or the coverage will become almost impossible for assured to get, particularly along the seacoast.

W. J. Sadler, secretary of the Galveston Merchants Association, said that Galveston merchants recognize the urgency of the situation and that they would recommend an increase in the premium rates. A letter to this point which he had written earlier was read to the hearing in Mr. Sadler's behalf by S. S. Kay of the Seinsheimer Agency of Galveston, who said that a similar letter recommending a rate increase has been sent by the directors of the Galveston Chamber of Commerce.

Some Companies Withdrawing on Coast

The Galveston merchants are greatly exercised over the action of a few companies in either withdrawing completely or in limiting their writing of windstorm lines in Galveston because of the tremendous loss suffered this year. Mr. Sadler's letter pointed out that the merchants believe that such increase would be preferable to withdrawals or cancellations by the major companies.

Commissioner Gibbs warned that the problem of the board in rectifying rate inequalities and the entire position of the companies and the agents in the view of the public would be strengthened if early agreement could be reached upon a reasonable commission factor in fire and windstorm premium rates.

Mr. Hall, in opening the hearing, said that there had been mention of use of a deductible and that the board would have to consider it, but during the discussion Mr. Hall asserted that if it should be allowed, it would be on a temporary basis.

Suggest Deductible on Coast

The consensus was favorable to a deductible in the seacoast area, with both \$50 and \$100 mentioned, but it was emphasized that it should not be mandatory, and that there would be a reasonable charge for eliminating it. One suggestion was that the charge for eliminating it should be a flat amount and not a percentage.

It was generally recommended that there be a statewide increase in rates because of the widespread prevalence of hail claims inland and the fact that in many years recently losses inland have exceeded those in the seacoast area.

It also was generally urged that the board adopt a 10 year period for consideration of rates instead of the present five, thus avoiding broad fluctuations made necessary by such catastrophes as the hurricane of July 27 in the Houston-Galveston area.

James B. Roark of San Antonio pointed to the rising cost of both local and general agency operation. He mentioned the threat of restricted writ-

Read Is Chairman, Gilliams President

Camden Fire Executive Changes as Former Head Reaches 65

CAMDEN—At a meeting of the directors of Camden Fire William T. Read, having reached the age of 65, resigned as president and was elected chairman.

John F. Gilliams, who has been senior vice-president, was elected president.

Mr. Read originally became a director in 1912. After retiring as New Jersey state treasurer in 1928 he was elected vice-president of Camden Fire in that year and became president, succeeding J. Lynn Truscott, in 1930.

Mr. Gilliams went with Camden Fire in 1911 as special agent in the northern



J. F. Gilliams



W. T. READ

Jersey field. He was elected assistant secretary in 1917, secretary in 1920, vice-president in 1924 and elected to the board in 1929.

ing by the companies if relief is not granted.

R. B. Cousins of Austin urged the 10 year basis for rate making. W. B. Todd of Fort Worth seconded the proposal and recommended use of the deductible plan. He also wanted a flat charge for removal of the deductible. Mr. Kay said that windstorm insurance is necessary to Galveston merchants and he recommended at least a 10 year experience base and said that Galveston expects an increase. Mr. Sadler seconded the suggestion of Mr. Kay.

Champ Fitzhugh of Waco, representing the Texas Association of Insurance Agents, opposed the deductible and said that it would breed ill-will among the public. Lester LeFevre of Houston opposed the deductible and asked for a moderate increase of about 10% to forestall wholesale cancelling and rewriting.

James Chenault of Houston asked for general increase and probably a charge for composition roofs. Mr. Hall interjected the thought that he did not like

(CONTINUED ON PAGE 15)

O'Mahoney Holds Forth Again This Week Against Bill

Harlan Justice Opposes Bailey Van Nuys Measure —I. U. B. Subject Covered

WASHINGTON — After a further presentation by Senator O'Mahoney, Wyoming, and testimony of Harlan Justice, deputy insurance commissioner of West Virginia, in opposition to the insurance anti-trust exemption bill, the Van Nuys Senate judiciary subcommittee adjourned Tuesday for the holidays, subject to call of the chairman. Senator Van Nuys said that his subcommittee will hold further hearings, but he did not know who would testify. Commissioner Sims of West Virginia had been scheduled by Senator Kilgore of that state to testify Tuesday, but did not appear.

At the outset O'Mahoney stated he had intended to present a witness representing small insurance companies and also to submit an analysis of exhibits filed with the committee. O'Mahoney said Edward T. Moran, Jr., Rockland, Maine, resident vice-president of Central Surety, had been invited, but could not obtain transportation reservations. However, he presented a written statement from Mr. Moran, which was put into the record. The senator summarized Mr. Moran's conclusions as follows, substantially:

1. Unless and until sufficient reasons shall make an exception, the insurance business should operate under free competition and enterprise.
2. No sufficient reasons have been shown to make such exception.
3. Even if good reason were shown, the privilege of monopoly should be accompanied by rate regulation by publication, "which does not now generally exist."
4. Passage of the pending bill would "release to prey upon the public with Congressional sanction, an unregulated monopoly."

Mr. Moran is president of the E. C. Moran Co., Inc., of Rockland, representing Camden, Central Surety Fire, Employers Fire, Old Colony, Fitchburg Mutual, Maine Mutual, Union Mutual Life, Central Surety and Maryland Casualty. He is Maine state agent and resident vice-president of Central Surety.

O'Mahoney said Mr. Moran was formerly a member of Congress from Maine.

O'Mahoney said he had been unable to prepare the analysis above referred to, but he wished to mention a few points which, he said, were clearly illustrated before the committee. He referred to a recent announcement that the New York commissioner had served notice on certain insurance companies to show cause why their rates in that state should not be reduced.

O'Mahoney also cited and quoted copiously from a report under oath by Examiner Sidney H. Marks to the New York commissioner. The senator considered it significant that the commissioner's action had followed publication by the judiciary committee of "some of the forms by the insurance companies to agree among themselves with respect to the government of insurance."

(CONTINUED ON PAGE 23)

Chicago Board, Brokers Row Aired in Washington

Attorney for Brokers
Testifies Before
Senate Committee

At the second hearing last week before the Senate judiciary committee on the insurance states rights bills, the story of the successful fight of the Insurance Brokers Association of Illinois to extinguish the Chicago Board rule that commissions might not be paid to non-members of the board was related by Attorney Thomas C. McConnell of Chicago, counsel for the brokers' association. E. L. Williams, president of the Insurance Executives Association, also testified and gave a different version of some phases of the fight. For the most part the testimony at the hearing added but little to the accounts of the fight as it was printed at the time.

Senator O'Mahoney of Wyoming, who is leading the fight against the states rights bill, read a statement signed by George A. Seaverns, Jr., treasurer and director of the brokers' association, to the effect that the directors of the association at a meeting Dec. 14, adopted a resolution directing Attorney McConnell to appear before the Senate committee and to make known to the committee that the brokers association is opposed to enactment of the states rights bills and is also opposed to enactment of any federal legislation designed to regulate fire insurance in ways other than or in addition to the regulations now in force by the state laws. The resolution was signed by John B. Parker as vice-president of the brokers association.

Recalls Filing of Suit

Mr. McConnell recalled that he filed suit in federal court in Chicago first on the theory that the Chicago Board was engaged in a price fixing scheme which is prohibited under the common law of Illinois. Then he amended the complaint asking for an injunction under the Clayton act to enjoin the alleged conspiracy. He recalled that Mr. Williams went to Chicago to see whether an adjustment could be made of the matter and as a result the Chicago Board amended its by-laws striking out the provisions to which the brokers objected.

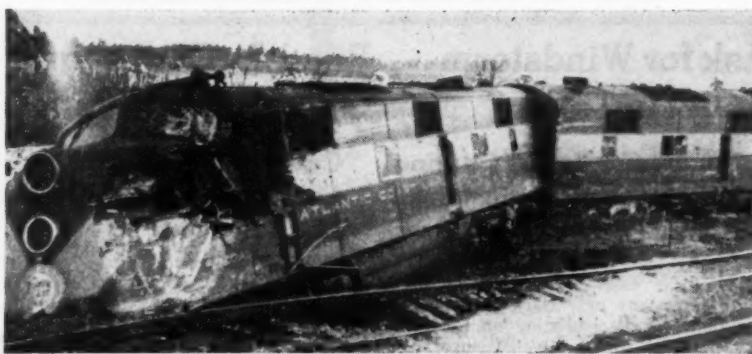
O'Mahoney asked Mr. McConnell whether if the states rights bill should be enacted it would be impossible for the brokers association to secure results such as was secured. Mr. McConnell replied that he did not want "to go that far, because I might have to litigate this question with these people later on."

Took Leaf from U. S.

In answer to a question from Senator Ferguson of Michigan, Mr. McConnell expressed the belief that the common law of Illinois does not give him the same rights as he would have under the Clayton law. He said the anti-trust laws are a much greater guarantee to the independence of the man that is in the business and to the public than any common law conspiracy under state statutes.

In amending his action to include the Clayton act feature, Mr. McConnell said he took a leaf out of the government book. The government in the S.E.U.A. case was breaking new ground under

Big Third Party Loss in N. C. Wreck



Deaths and injuries in the Atlantic Coast Line wreck in North Carolina will cost between \$1,500,000 and \$2,000,000 in claim settlements, it is estimated. The railroad self-insures up to \$50,000 in any one accident and carries an excess policy in London Lloyds for \$500,000 in excess of \$50,000. The latest death toll is 73 and it is expected that the final list of injury claims will run considerably in excess of the 156 already reported.

It is expected that the cost of settling the bodily injury claims will total about the same as for the Congressional Limited wreck on the Pennsylvania Railroad in which 79 lost their lives and more than 300 were injured. As was the case with the Atlantic Coast Line wreck the Pennsylvania's coverage was far from being adequate to take care of the bodily injury losses, though the difference payable by the railroad was considerably less for the Pennsylvania, which has a policy with London Lloyds of \$1,000,000 in excess of \$100,000, the first \$100,000 being self-insured.

No employees of the Atlantic Coast Line were reported killed or injured so at the moment it looks as if workmen's compensation insurance or employer's liability are not involved.

The property insurance loss on the Atlantic Coast Line wreck in North Carolina which caused 73 deaths promises to be relatively slight. The streamlined equipment, insured in Transportation Mutual of Philadelphia, appeared to have sustained very little damage and the regular equipment, so far as can be ascertained, was not insured.

The streamlined Diesel locomotive of the southbound train was not damaged.

the Sherman act. Mr. McConnell said he thought the government's position was sound and he followed through with the amendment in his suit. Mr. McConnell said that he takes the position that the insurance business so intimately affects all business that it does directly affect the flow of interstate commerce and, therefore, does come under the Sherman act. "I think,"

The northbound streamlined Diesel engine hit the cars that were tossed across its track and jumped the track but did not overturn. Because of holiday travel difficulties it was not possible to get an adjuster to the scene as quickly as would normally have been the case. The fact that the army clamped down on the taking of photographs, because of the number of soldiers killed and injured, made it difficult to judge the extent of damage from photographs. The above picture of the northbound streamlined Diesel shows the main property damage that was covered by insurance.

A Diesel engine of this type costs from \$300,000 up. A streamlined car is worth between \$60,000 and \$80,000, with dining and observation streamlined cars running up to around \$100,000.

In response to an inquiry from THE NATIONAL UNDERWRITER, Travelers, which has the ticket accident insurance contract with A.C.L., states that it has no claims from among the published civilian list in the wreck and no list of soldiers is yet available.

The accident frequency of railroads on a physical damage basis in 1942 increased 40% over 1941, and the increase in 1943 for 10 months was 25% more than the same 1942 period. Earlier this year the 1943 increase reached 30% in comparison with 1942, but this has tapered off. Total accidents for the first 10 months involving damage of \$150 or more, as reported to the Interstate Commerce Commission, were 13,409; in the same 1942 period they were 10,689.

The property damage insurance carried with Transportation Mutual was re-insured in part with London Lloyds.

he said, "that these companies and their attorneys realize that that is a sound legal position or they would not be in here trying to get legislation to dodge the issue in the Supreme Court." He said that the size of the insurance business must of necessity affect interstate commerce.

Mr. McConnell said that Mr. Wil-

(CONTINUED ON PAGE 27)

New Form to Cover Range Cattle and Sheep in Kansas

Includes Freezing and
Smothering; Rate Is \$2.86;
Demand Has Been Great

TOPEKA, KAN.—The Kansas department has approved a range cattle and sheep form, filed by the Kansas Inspection Bureau, which is the companies' response to the demand of live stock feeders, particularly in western Kansas, for a freezing and smothering coverage.

The form is a new one. The rate is \$2.86 per \$100 for the combined coverages of fire, lightning, tornado, hail, and freezing or smothering in blizzards or snow storms. The cattle must be at least six months old, and there is a limit of \$100 per head. The sheep must be at least 60 days old, and the maximum liability the companies will accept is \$10 per head. Coverage is limited to actual cash value at point of loss or nearest market less freight. If the coverage is taken for less than one year, it will be written at the special Kansas live stock short rate. The minimum insuring period is six months, the rate for which is \$2. The minimum premium per policy is \$100. The form lists two items, one for cattle and one for sheep, and assured can use one or both. There is a 3% deductible on cattle and 6% deductible on sheep.

Some Restrictions on Sheep

The companies will not be liable for freezing or smothering of sheep unless the sheep have been on the feed ground at least 15 days, and shall not be liable for destruction or damage to the animal after it has been sheared. There must be a herder in constant attendance for each 1,500 sheep or part thereof. Corrals must be maintained for each band in case of blizzard or snow storm.

The company is not liable if the cattle or sheep are killed or damaged by the blowing down of hay or straw stacks, or by smothering in or under hay or straw stacks, or by freezing or smothering in blizzards or snowstorms while inside buildings, nor by running into or against fences or other objects, nor for loss or damage as the direct or indirect result of fright, however caused.

The windstorm extension farm live stock endorsement has been modified to except range cattle and sheep. This endorsement gives the various coverages, including freezing and smothering, for regular farm herds, at a rate of 84 cents.

Effort to Form Pool Failed

Approval of the new form comes at the end of the range feeding season. The bulk of the cattle and sheep, except for small herds that the live stock man is carrying through the winter, has moved to market or eastward to protected feed lots where the final fattening for market is done. Cattle start moving on to the western Kansas ranges early in the spring from Texas, Arizona and New Mexico—and gradually build up until they are at the peak late in the summer and early in the fall. It is estimated that last fall there were \$250,000,000 worth of cattle in western Kansas. They are fed on grass in the summer and then on grass and corn, maize, cane, etc., when they mature. There is considerable pasturing on winter wheat early in the fall.

A demand for range cattle coverage has been voiced for some time by the

(CONTINUED ON LAST PAGE)

THIS WEEK IN INSURANCE

W. T. Read becomes chairman of Camden Fire and John F. Gilliams is the new president. **Page 1**

Members of Insurance Brokers Association of Illinois, after heated debate on states rights bills, at special meeting are denied the privilege of being polled as to their sentiment. **Page 1**

Harlan Justice, deputy commissioner of West Virginia, appears in opposition to Bailey-Van Nuy's bill at hearing in Washington Tuesday. **Page 1**

Insurance people ask for Texas windstorm rate relief at hearing before commissioners. **Page 1**

T. C. McConnell of Chicago, attorney for Insurance Brokers Association of Illinois, tells the story of the Chicago Board—brokers fight at hearing before senate committee on states rights bill. **Page 2**

A new form has been approved by the Kansas insurance department which will give livestock men freezing and smothering coverage on range cattle and sheep. **Page 2**

Averell Broughton, in addressing Risk Research Institute, tells how the buyer determines what the terms of insurance coverage shall be. **Page 3**

House rules committee holds spirited debate on insurance states rights bill in considering request for a special rule to give legislative priority to the measure. **Page 3**

Representative Lynch of New York introduces in Congress a resolution for a congressional investigation of the fire insurance business. **Page 4**

Adolph Reutlinger of Louisville testifies at Senate finance committee hearing as to insurance problem that would be involved if the period within which liquor may be stored in bonded warehouses is reduced from eight to four years. **Page 7**

W. H. Lucas, Leroy, N. Y., elected president New York Insurance Federation. **Page 19**

Involved in the problem of providing employment for those that are partially disabled as a result of war service are a number of workmen's compensation problems. **Page 17**

T. D. Davidson, in addressing Surety Claim Forum in New York, describes how the accountant may be helpful to the fidelity claim man and underwriter. **Page 17**

House Committee Has Spirited Debate on Insurance Bill

Rules Body Fails to Give Green Light But Hope Still Exists

WASHINGTON—"It is perfectly apparent the committee will report this rule," remarked Representative Cox of Georgia as the House rules committee adjourned a hearing Dec. 15 on requests for a special rule to give legislative priority to the House judiciary committee bill to exempt insurance from the anti-trust laws. Chairman Sabath of the rules committee, however, remarked that several more speakers wished to be heard and that the committee would next take up for consideration aviation legislation.

Representative Sumners, Texas, judiciary committee chairman, left the hearing still forecasting an eventual rule. Among prospective witnesses before the committee on the insurance proposal was Representative LaFollette, Indiana.

Judge Sumners suggested that the proposed special rule provide for not less than four hours debate. Other speakers supporting the rule included Representatives Hancock, New York, co-sponsor of the exemption bill, and Gwynne, Iowa, judiciary committee member and of its special subcommittee on the bill.

On the other hand, Representative Russell, Texas, spoke against the rule as a signer of the judiciary committee minority report against the bill. He announced that Representatives Celler and Byrne, New York, also minority report signers, wished to be heard before the committee.

Sabath Recalls Failures

As the hearing opened Sabath said there is competition in commissions paid agents and Sumners said there was competition also in service. Sabath said that in a "short investigation" made by him several years ago he found 42 small insurance companies "were destroyed." (Apparently he was referring to life company receiverships during the depression.) He asked Sumners if he had given consideration to such a situation. Sumners replied that in "straightening things out" the states "can do a good job." He admitted he was not up on details of the insurance business and would not assume to tell the committee how it is managed.

"You think the interest of the public has been and will continue to be safeguarded?" asked Sabath.

"The power to safeguard it is possessed by the states," Sumners answered.

When Sabath asked about the Department of Justice action, Sumners said: "There is an attempt to prosecute a group of companies for violating the anti-trust laws. A federal judge dismissed the proceeding. It is appealed to the Supreme Court to decide whether or not insurance is commerce."

Sabath said he realized Congress could pass legislation, but added that the courts also have certain jurisdiction. He suggested that if the insurance bill is passed Congress might be interfering with court procedure and raised the question what effect such action would have, whether Congress would not be charged with "trying to do the things the courts were charged with doing" some time ago.

Cox asked if Congress does not take action in this case the court may "expand its power."

Sumners directed attention to the

(CONTINUED ON PAGE 12)

Paul vs. Virginia Cited in Xmas Greeting

A plaintive poem on Paul vs. Virginia constitutes the unusual Christmas greeting which Henry S. Moser, Chicago attorney, has gotten out for his friends in the business. Mr. Moser signs his melodic effort "Paul V. Virginia, by Henry S. Moser, attorney-in-fact." Following is the greeting:

Tell me not, in mournful numbers
I am but an empty dream!
Slowly dying—in my slumbers,
And no longer what I seem.
I was real! I was cited!
Often by our highest court;
I was followed and respected,
Yea, your citadel and fort.
Now I'm dicta, to our sorrow,
Ill-begotten—so they say;
You'll be commerce on the morrow
Freedom gone! Oh, rue the day.
'Ere I go,—My time is fleeting,
And now soon I'll be no more,—
May I whisper: Christmas Greeting,
And a Happy Forty-Four!

Collections Are a Breeze This Year

Company field men in the closing days of the year are devoting their customary attention to collections. However, the year end task has on the whole probably never been easier than it is now. The agents are in splendid position financially and there are only a handful of stragglers. The agents are having little difficulty in collecting from assured and business concerns especially have been eager to make payment of premiums before the end of the year because of the tax consideration.

Some of the companies close their books a few days prior to Dec. 31 and their field men have to finish their collection work earlier.

Eliminates 3-year Crop Cover

WASHINGTON — The conference committee of the Senate and House in considering the supplemental appropriation bill has agreed to eliminate an appropriation which would enable the Federal Crop Insurance Corporation to continue three-year contracts until they run off. The Senate had provided funds for this purpose in its version of the bill.

The midyear meeting of the directors of the National Fire Protection Association will be held in New York City Jan. 26.

Lessons to Be Learned from Fur Storage Fire in New Haven

Unprotected openings in floors of buildings of fireproof construction may completely destroy the value of the floors in preventing the spread of fire from floor to floor, the National Board points out in a special report on the Yale Cold Storage Company fire at New Haven, Conn., in which \$1,500,000 damage was done to fur coats stored in the building, according to preliminary estimates.

The duct system made all four floors of the building subject to one fire although the stairway and elevator were enclosed.

The danger of fire spread through the duct system may be greatly reduced by protecting the ducts with fire-resistant enclosures and fire dampers, the report emphasizes. Separate air cooling systems on each floor provide even better protection against such fire spread.

Automatic Fan Control

Fans which circulate air through duct systems serving two or more floors should be arranged to shut down automatically when the temperature of the recirculated air becomes excessive as from a fire.

Electrical equipment in combustible

Broughton Tells How Buyer Shapes Insurance Terms

NEW YORK — Speaking on "The Buyer Enters Insurance Public Relations," before the Risk Research Institute, Averell Broughton, public relations counsel for the National Association of Insurance Agents, pointed out that the buyer is a major factor in insurance thinking, and especially these days in the field of insurance public relations.

The consumer in all fields, he said, ultimately shapes sales policies, and in the last analysis, determines the products and policies which are to survive. "Once a buyer was king in every field. We are in a sellers' market, and I feel this is a fact which gives more concern to able and far-seeing salesmen than it does to the buyers themselves, who make their individual adjustments as best they can without too much thought for the future."

"Grave errors in design, sales policy and particularly in public relations, which, of course, touch intimately all these things, are not only possible but probable when the buyer no longer exerts a firm, critical curb upon the goods and services offered for his needs and approval."

"This then is the time in which all industry should check its policies and the public reaction of today very carefully against, not the present, but the future."

Buyer Provides Check

"The insurance buyer provides, both immediately and in the long run, a check and control upon insurance thinking, sales and public relations policies, which is of the first importance."

"Assuming that public relations deals primarily with the relations of a business, with those who affect its fortunes—whether general public, important consumers, government or regulatory bodies, the effect the buyer has upon insurance public relations is of the first importance. Yet he may not be conscious of this, since his own desire for consultation and discussion with regard to special problems, which he foresees, or which he knows to exist, may seem to him unique. Actually, he is but one of many, since the insurance business exists, not to serve the individual, but the collective risk. When he develops his case clearly and forcefully, he may think of it as isolated, but a completely unique risk is as rare as a really new

secret weapon. Just about everything is repeated in one form or another.

"But that is no reason for not stating the buyers' position and preference clearly and firmly to the companies, either through their associations or through the agents or brokers with whom you deal, since, in an important sense, the producer, whether he be agent or broker, is the immediate link between the buyer and the company—a thoroughly competent individual or organization in that group welcomes a reasoned and carefully developed statement of the insurance problem by the buyer."

"As a practical fact, new coverages, or changes in existing coverages are always the product of requests arising outside. It has been the desire of the insurance business to keep step with the needs of business, which has led to progress."

"A man does not study insurance as a buyer with a view to a careful selection of the most economical and complete coverage unless he has a substantial interest to protect. And, equally, a man who devotes his life to the provision of adequate coverage, as well as a clear understanding of business needs and risk, is a partner in many phases of business. And the survival of the independent insurance producer is of first importance to the survival of independent business."

"I cannot imagine that insurance purchases from government bureaus would be much more satisfactory than the take-it-or-leave-it services offered by other government bureaus today. These may be useful, perhaps economical, for certain limited purposes, but in insurance as nowhere else there are no bargains—either coverage is adequate and exact or there is ultimate grief. And at this point a competent producer enters the picture and plays a role of the first importance to company, buyer and business in general."

"Today both agents and insurance companies are engaged on large scale public relations programs. Both of these have reasons which have to do with political threats of the moment. This public relations effort is directed to the public, but I can assure you that they think of that public as an insurance buyer rather than as just an abstract citizen. Where that buyer is articulate and explicit, has a knowledge of his insurance problems and some thoughts as to how they can be solved, he is given immediate attention, and, whether or not he always realizes it, plays a major part in shaping insurance policy."

Rates for Turkey Coverage Will Be Increased in 1944

ST. PAUL—Turkey insurance rates for 1944 will be increased sharply, W. J. McGladrey, president of Farm Owners Mutual, which has an insurance arrangement with the National Turkey Federation, said. Rates in midwest and mountain states will be nearly twice those of 1943. It may reach 10 cents a bird in that area with a maximum coverage of \$3 a bird.

In New England and the Ohio river area there will be some increase but in the south and Pacific Coast regions there will be little change.

In the past four years, Mr. McGladrey said, turkey underwriters have experienced an average loss ratio of 136. In 1940 it was 350, in 1941, 20, in 1942, 45, and in 1943, 130, he stated. From now on, in rate making, "we are going on the theory that severe storms such as that in November, 1940, and this year can happen at frequent intervals."

Sell disability with "Seven Good Reasons Why" folder. Get samples from The A. & H. Bulletin, 420 E. 4th St., Cincinnati 2, Ohio.

Cold Snap Brings Heavier Losses; Chicago Area Fires

NEW YORK—The characteristic upswing in fire losses in response to severe cold weather in many areas has been much more drastic this winter than for the same period last year and most of it appears due to the difficulty of maintaining heating equipment at a normal peacetime level. The higher cost of repair materials and labor for making repairs is also an important factor in the larger dollar volume which the losses represent.

Poor maintenance has made itself felt in fires in both residential and commercial properties. Oil burners and other types of heating equipment having somewhat intricate mechanisms cannot be replaced when they wear out as they normally would be. It is difficult to get qualified service men to make repairs or even to make inspections and see when repairs should be made. Wiring may deteriorate and go unnoticed until faulty insulation results in a fire.

Brings Out Latent Defects

Cold weather, by putting more demands on heating equipment brings out latent troubles. Fires result from flues that have burned out and should have been replaced or that have become dirty and have not been cleaned. Bearings become overheated through lack of oil and start fires.

If the war continues through next winter and there is no easing of restrictions on the manufacture of parts and other materials needed to keep civilian heating plants in repair, loss men fear that severe cold waves may increase fire losses to a point far beyond the present already high level.

MIDWEST LOSSES

Not many extremely bad losses were reported in the midwest during the zero weather except in Chicago and vicinity. The largest fire was in downtown Waukegan, Ill., where three buildings were destroyed and three others were involved, two of them extensively. The insurance loss will run approximately \$350,000, consisting roughly of \$102,000 use and occupancy, \$12,000 rent, \$162,000 contents and \$73,000 on buildings.

The Waukegan fire reportedly started in the basement of the three story building of Hein Co. department store at 105-111 North Genesee street. The night maintenance man said he had put out a small fire in some rubbish in the basement and later on when he came back found that there was a real fire going. The fire spread through the store and to neighboring buildings.

The one story brick plant of the Enamelers & Japanners Co. at 3022 North Rockwell street, Chicago, was destroyed by fire. The insurance loss will run approximately \$150,000. There was about \$100,000 use and occupancy and approximately \$60,000 of property damage coverage. The plant enamels metal equipment, and was equipped with baking chambers, stores of inflammable oils and enameling material.

Another Blaze Costs \$110,000

The building at 3837 Roosevelt road, Chicago, owned by Metropolitan Life and occupied by the Lakeview Furniture Co. and a ladies ready to wear shop on the first floor and by doctors, dentists and a district office of Metropolitan on the second floor, was practically destroyed by fire. There was a \$90,000 insurance loss on the building, and approximately \$20,000 loss on contents.

The Gary, Ind., country club burned during the cold snap. The club carried \$67,000 insurance and the loss will run 90%. There was considerable golfing equipment and liquor in the building at the time.

The Huckins Estate building in downtown Oklahoma City was seriously damaged by fire.

Assistant U. S. Manager of Royal-Liverpool



J. L. ERHARDT

J. L. Erhardt has been appointed an assistant U. S. manager of Royal-Liverpool.

Shift Trailer Homes from Automobile to Fire

A specific flat rate has been filed for unexposed trailers or trailer homes in Kansas. The rates are \$1.25 for fire and lightning, 24 cents for windstorm and hail and 28 cents for extended coverage. There is no coinsurance credit, but if located in towns with fire protection grading eighth class or better there is a credit of 15 cents on the fire and lightning rate. Term insurance is permitted.

Practically all the midwest states now have shifted coverage of trailer homes at specific location from automobile to fire. The automobile rate is substantially higher for trailers, but it covers the transportation hazard as well. Because so many of the trailers are being used as homes at war industry sites and elsewhere by removing the wheels and mounting the trailer on timbers, there was considerable demand for the strictly fire and extended coverage protection. Some agents have been writing the trailer homes at the regular dwelling rates, but the companies generally have not accepted such offerings. Because trailer homes are heated by gas stoves, are crowded, are not of very substantial construction, etc., they constitute pretty much of an accommodation line.

aged by fire. There was \$20,000 insurance, and the loss will be total. Stocks in several shops suffered considerable water and smoke damage.

Big Fire in Monroe, Mich.

The Floral City Furniture Co. plant at Monroe, Mich., burned with a \$50,000 insurance loss on contents and \$15,000 insurance loss on building. At Phillipsburg, Mo., the consolidated school district building burned. Insurance loss will run \$16,000 on building and \$2,000 on contents.

The six-story building at 1840 South Wabash avenue, Chicago, housing the Wabash Theater, burned with an approximate loss of \$50,000.

Fire caused estimated \$250,000 damage to the three-story brick storage warehouse of Lester A. Grossman, 4143 Germantown avenue, Philadelphia, and to about 500 lots of furniture and other merchandise. Two of five trucks parked at the warehouse platform were destroyed.

Are you too busy to make calls? Let the Insurance Buyers' Digest do it for you. Write National Underwriter for samples.

Insurance Will Ask for 40-Hour Week in Chicago

A general meeting of about 250 representing all fields of insurance in Chicago met there Monday to hear a report of the industry subcommittee that has discussed application of the 48-hour week to the insurance business with Dean W. H. Spencer, regional War Manpower Commission director. The subcommittee approached Mr. Spencer with a 40-hour week in mind, and the indication is that insurance offices will ask for that kind of a work week.

Chase Smith, Lumbermen's Mutual Casualty, chairman of the industry committee and member of the subcommittee, said that members of the latter told Mr. Spencer the situation in the insurance business, pointing out that a large percentage of the employees are women with home duties, exempt under the provisions of the 48 hour week order; that the employment is of a technical nature, making it extremely difficult for one employee to undertake the duties of an employee in another department, and that because of the necessity for accuracy, time lost in a long work week through locating errors might produce a net loss in time.

Asks Total Number Employed

Mr. Spencer indicated that the WMC would prefer to work through an organization representing the whole industry, such as the insurance business apparently had got together. He asked how many are employed in insurance in the Chicago area, but members of the subcommittee replied that they could only guess.

The committee this week is gathering figures on the number of employees and other information and then will make a presentation to the WMC so that a set of general principles can be evolved. This was suggested by Mr. Spencer.

Members of the subcommittee were asked what contribution they felt the insurance business could make to the war effort with respect to labor. They replied that the business already has lost many employees to the armed services, and most of those employees who could or would enter war industries already have been attracted there by high wages and for patriotic reasons. Replacements have been made largely with women.

Must File Industrial Application

The WMC has no authority to issue a blanket exemption for the industry, R. M. Clark of Continental Casualty and Continental Assurance said. Each individual establishment will have to file its own application. But if the industry can work out with the WMC a set of general principles, this would save WMC considerable time in handling individual applications, which must be in by Jan. 16 if a divergence from the 48-hour week is desired.

Walter M. Sheldon, W. A. Alexander & Co., president of the Chicago Board, also spoke briefly. Messrs. Smith, Clark, Sheldon and C. H. Smith, Hartford Fire, compose the subcommittee.

The general committee will meet Dec. 28 to prepare its presentation, which will be made a day or two thereafter to Mr. Spencer and Lester Brown, area manpower director.

Another General Meeting

Another general meeting will be held a week or so before Jan. 16 and results of conferences with WMC reported. Offices will then have time to make their individual applications with WMC before the deadline.

The filing of a petition before Jan. 16 asking a 40-hour week will operate as a stay, and the office can continue on its present basis after Jan. 16 until the WMC either grants the petition or denies it. Some offices operate less than 40 hours. Employers were advised to include only salaried employees, not sub-

Congressional Fire Insurance Probe Proposed

WASHINGTON — Investigation of the fire insurance and allied lines of business and those engaged therein by a special House committee of seven members to be appointed by the speaker has been proposed by Representative Lynch of New York in a resolution introduced in Congress.

Purpose, according to the resolution, is to determine among other things— (1) the history and causes of the growth of companies engaged in the fire insurance and allied lines of business; (2) the history and methods of creating premium rate structures and any discrimination therein among policyholders, or among different sections or communities; (3) the extent and causes of concentration of control of the fire insurance and allied lines of business, and the effect of concentration thereof upon competition; (4) the effect of premium rate structures upon the earnings, dividends, reserves, and other disbursements of those engaged in such business; (5) the effect of state and federal laws, rules, and regulations upon the practices, competition, premium rates, reserves, investments, and dividends of such concerns; (6) and all other questions in relation thereto that would aid Congress in formulating any necessary and remedial legislation."

Proposed Powers

The Lynch resolution provides that the proposed special committee may sit any time and place in the United States, conduct hearings, require attendance of witnesses and production of papers, books, records, correspondence and documents, by subpoena or otherwise, administer oaths, etc. Refusal to answer questions, produce papers, etc., the resolution provides, shall subject persons to penalties provided by the revised statutes.

The committee would have authority throughout the present Congress and would be under instructions to make a final report within that period.

The preamble to the resolution recites that "there have grown up in the United States a large number of fire insurance companies which, with allied lines of business, have amassed and control tremendous and growing wealth, derived from premiums on fire insurance policies, investments, and speculative enterprises." Also that "serious charges, affecting the national economy, have been made concerning the methods by which such accumulations of wealth have been created and continue to grow."

This resolution was referred to the House committee on rules, which has before it requests for a green light for the Hancock-Walter insurance anti-trust exemption bill.

Hubbard on Coast Trip

Fred A. Hubbard, president Hanover Fire, is on a Pacific Coast trip and expects to be in Chicago the first of the year when he will install John Rygel as resident vice-president and Fred C. Bertiaux as resident secretary in the western department.

agents or brokers. However, salaried employees such as special agents who do not work in the Chicago area but who report to a Chicago office, would be included. It was also suggested that an office representing several companies should file one application as a group office.

Milwaukee is in the same region as Chicago, and the Chicago committee plans to confer informally with the insurance industry committee from that city. However, this would simply be for the purpose of trading information and ideas.

Patriotic Upsurge by the Producers in All Sections

Public Relations Assumes New Aspect and Business Getters Are Fighters

NEW YORK—Not only company officials in all branches of the business but observers in other lines declare that there has been a tremendous upsurge of enthusiastic and militant fervor on part of the producers all over the country, championing state supervision of insurance, protesting against any move that might put the industry under federal control and favoring the Bailey-Van Nuys bill in Congress which would exempt insurance from the federal anti-trust laws. It is agreed here that the producers have led the procession in this campaign, have accomplished more than any other body in the business and are carrying the banner very successfully and triumphantly.

Company men realize as never before that the producers can be relied on as fighting soldiers if a crisis arises. An appeal was made to the producing class and with one exception every organization responded with alacrity. This is called an unfortunate incident as Senator O'Mahoney of Wyoming used the fact to the utmost advantage at the last hearing of the Senate judiciary committee. He attempted to show that the insurance people were not unanimous in the cause the companies were espousing.

Carry Message Back Home

The insurance salesmen coming in contact with the people in all sections are carrying the message of state's rights back home. They are telling the story very simply but forcefully. They point out the danger of establishing another large bureau in Washington, D. C., whereby state supervision would be entirely throttled and the bureaucrats have luscious picking.

Along with this upturn of feeling and sentiment that has been started by the producers there is an equally potent movement inaugurated in favor of sounder, more businesslike and more vigorous public relations. There has been an element that has voiced the opinion that insurance should sit back and say nothing. It should keep its story to itself. It should not "put its neck out." It would allow the defamers to run their course. The position was taken that if insurance attempted to defend itself it would be misunderstood.

The more progressive public relations advocates hold that this is an entirely erroneous theory and that the facts must be told to the public, insurance must be defended and the people enlightened and given the truth.

Esmond Ewing's Address

At the meeting of the National Association of Insurance Commissioners and the Association of Life Insurance Presidents in New York City not only was state supervision given a big boost but the necessity of a new voice in public relations was expressed. When Vice-president Esmond Ewing of Travelers Fire spoke before the Insurance Advertising Conference recently in New York City, it meant undoubtedly a turning point in the public relations discussion. Mr. Ewing certainly did not speak purely as an individual. He would not have appeared on the platform and come out boldly for the insurance story to be told had he not the backing of eminent leaders in the company ranks. He made it very plain that the people must

J. J. Chavanne Joins Fred S. James

John J. Chavanne, Jr., has resigned as vice-president of the Eliel & Loeb agency of Chicago to become associated with the Chicago office of the nationwide brokerage firm of Fred S. James & Co. He has an extensive background of executive and engineering experience.

He was born in New York and graduated in civil engineering from Cornell in 1921. He then joined the engineering staff of the National Board. For three years he served as engineer for North British & Mercantile handling special inspection work in the middlewest. In 1925 he went to the Minneapolis office of Marsh & McLennan and later became a partner of the R. M. Neely Co. agency of St. Paul. Three years later he became connected with Eliel & Loeb, later becoming a vice-president. His work there has been of an executive nature and he has also supervised important risks.

Milwaukee Insurance Men Ponder 48-Hour Issue

Edmund Fitzgerald, vice-president of Northwestern Mutual Life, and James H. Daggett, vice-president of Old Line Life, attended the meeting in Chicago Monday morning at which the subcommittee handling problems related to the 48-hour week that has been decreed for Chicago effective Jan. 16, reported to a group of about 250 insurance employers. The 48-hour week has been decreed for Milwaukee, also effective Jan. 16. Mr. Fitzgerald and Mr. Daggett have assumed the leadership in handling the problem on an industry basis in their city and they desired to get first hand knowledge of what was being done in Chicago. The meeting there was very helpful to them and they will now proceed to appoint a representative Milwaukee insurance committee.

be fed with the right kind of provender, that the plain and simple facts should be given, no exaggerations be used, that the truth, as it always has been, should be related and that the friendship and acclaim of the people should be sought. The defamers of insurance have been hard at work, he said, ever since the Atlanta suit was started. There has been a deliberate smearing of the industry for some ulterior purpose.

Arthur W. Page, vice-president American Telephone & Telegraph Co., a master himself in public relations, who has made thousands of friends everywhere for that organization, told the Life Insurance Presidents that they should adopt what he called the "walkie-talkie" plan. He meant that every person in the country should be contacted by an insurance man or woman and plain facts should be related. He urged that insurance people in offices and in the field become messengers and be well informed as to what insurance has accomplished and is doing. They should be crusaders for insurance truth.

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WARTIME SALES AID

When you are too busy and you haven't enough gas to make new business calls, send the Insurance Buyers' Digest to your policyholders to let them know you are still on the job. Write The National Underwriter for samples.



May the Lights of Christmas Be Radiant

To you all especially
this year when Truth and
Right seem fighting for
their existence.

May the hope and light
of this Christmas glow
warmly for you is the
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BUY U. S. WAR BONDS

N. J. Insurers Hope to Settle Ohio Issue on PPF

NEW YORK—The New Jersey department's action of a couple of months ago in barring Ohio companies from writing compensation in New Jersey, on the ground that Ohio's monopolistic state fund bars all companies from writing this business in Ohio is widely reported to be the reason why the Ohio department singled out New Jersey fire and marine companies and ordered them to show cause why they should not be barred from writing the personal property floater in Ohio.

New Jersey company executives are trying to work out with the two insurance departments some way whereby the New Jersey companies can continue to write the P P F policy in Ohio but so far nothing definite has been evolved. One difficulty is that since the show-cause order is returnable by Jan. 1 negotiations with the Ohio department would involve travel during the period when the government has asked for curtailment of civilian travel not absolutely essential. The hope is that Superintendent Crabbe of Ohio will extend the deadline until some time after the first of the year.

The Ohio department's action is similar to that threatened in Michigan some time ago. The New Jersey companies have the writing powers to cover all the hazards in the personal property floater but the New Jersey law prohibits their being covered in a single contract. It has always been a state's prerogative to specify what form its policies should take and in view of this there is some feeling that the Ohio department has no sound basis for invoking its retaliatory law against New Jersey companies.

Recently there appears to have been an increase in the application of state retaliatory laws by various state insurance departments. In this connection, the West Virginia department asked the laws and legislation committee of the National Association of Insurance Commissioners to give consideration to the recent application of retaliatory laws to new situations. It is reported that one suggestion made is the appointment of a special committee of commissioners to which commissioners might refer specific cases in an effort to promote uniformity in the interpretation of retaliatory laws.

In applying its retaliatory statute, New Jersey has required an Ohio casualty company to cease writing workmen's compensation insurance in that state because the Ohio statute creates a monopolistic state fund and prohibits private carriers, both domestic and foreign, from writing compensation and employers' liability insurance. A similar construction of the Pennsylvania retaliatory statute, adopted in a recent opinion of the attorney general of that commonwealth, is the subject of pending litigations instituted by two Ohio casualty carriers at Harrisburg.

It is noted that the questions raised in New Jersey, Pennsylvania and Ohio involve retaliation on the basis of coverages written. The most frequent examples of state retaliation have been in the matter of fees and taxes, although such statutes generally authorize retaliation on the basis of other "obligations," "prohibitions," and "restrictions."

Ill. Association History to Members as Xmas Gift

The history of the Illinois Association of Insurance Agents has been prepared by Lillian L. Herring, secretary, Chicago, and a copy is to be sent members. One the same date the new board and the regional vice-presidents held their first meetings in Chicago.

Competition for the Wm. H. Jennings membership cup hereafter will be based on percentage of net increase in members rather than on number of new members obtained, the board voted.

1943 Fire Losses Reach Ten Year High; \$100,000 November Fires Reported

The estimated \$332,519,000 fire loss for the first 11 months boosted the 1943 figure to a 10-year high, according to the National Board. The losses in November were \$31,647,000, up 31% from November, 1942, and the highest for any November since 1931 when the total reached \$35,287,641.

The New York "Journal of Commerce" lists the following fires of \$100,000 or more in November:

Arden, Del., mushroom houses, packing house, dwelling and office building, \$125,000; Harrington, Del., theatre, dental office and stores, \$150,000; Baltimore furniture warehouse and dwelling, \$100,000; Chestertown, Md., war fuse plant building, \$100,000; Elkton, Md., 10 commercial buildings, \$200,000; Newton, Mass., church, \$100,000; Springfield, Mass., railroad freight warehouse, \$250,000; Jersey City chemical plant, \$250,000; Chester, Pa., Chevrolet building, \$280,000; Pittsburgh paper plant, \$200,000.

Also, Catlin, Ill., grain elevator, \$100,000; Chicago apartment building, \$100,000; Chicago container factory, \$150,000; St. Charles, Ill., country club, \$100,000; Grand Rapids, Mich., furniture plant, \$500,000; Ludington, Mich., bus depot, \$100,000; Cincinnati, Rose Bros. mill, \$100,000; Cleveland chemical plant, \$200,000; Oklahoma City business and apartment building, \$100,000; Madison, Wis., army radio school, \$500,000.

Also, Graceville, Fla., peanut plant, \$1,000,000; Louisville, Ga., school, \$100,000; Henderson, N. C., tobacco warehouse, \$200,000; Dallas school, \$150,000; Fort Worth, five stores, \$100,000; Temple, Tex., cotton shed, \$450,000; Cutler, Cal., winery, \$2,000,000; Los Angeles mortuary and church, \$150,000; Oakland, Cal., army warehouse and auto repair shop, \$250,000; Anaconda, Mont., housing project, \$100,000.

Expect Conference After Jan. 1 on N. Y. Fire Rates

It is expected that conferences be held after the first of the year between New York department officials and representatives of the New York fire insurance rating organization on the reduction in fire rates which Superintendent Dineen has asked for on the basis of a report by the department's rating bureau. The New York fire insurance rating organization this week filed a detailed reply to the department's order to show cause why rates should not be "equitably adjusted."

Until Superintendent Dineen reaches a decision on what the department's position shall be, in the light of the report and the fire insurance rating organization's reply and any additional information, no information is being released by either the department or the rating organization.

as a Christmas present from the organization.

Chairman of the legislative, public relations, educational and forms committees met in Chicago last week and developed plans for state-wide representa-

Cow's Kick Squabble Leads to One on Kick the Bucket

Barnyard lore is these days crowding insurance from the mind of Cecil F. Shallcross, U. S. manager of North British & Mercantile. Ever since a North British advertisement precipitated national attention on the question of whether a cow kicks backwards, Mr. Shallcross has been permitting his attention to wander to this and related problems and has now addressed The NATIONAL UNDERWRITER thus:

"In his column in a recent issue of the Louisville 'Courier Journal' Allan Trout, in his entertaining way, deduced from a profound thesis on a cow's method of implementing dislike that the expression 'to kick the bucket' has bovine origin.

"To the moribund denizens of this City of Dreadful Night the ignorance of barnyard lore shown by people in the cow country (which includes Illinois and Kentucky) is always a matter of mild surprise, but surely they might expect Allan Trout to discriminate between cows and pigs.

Now We Go to Poesy

"A couple of hundred years ago a worthy gentleman (who also lived in a great city and who must have had opportunities of observing the educational shortcomings of his fellow citizens and of knowing something about pigs as they frequented the city streets) remarked that:

"A little learning is a dangerous thing,
Drink deep, or taste not the Pierian spring."

"Then he went on to say:

"Men must be taught as if you taught them not,
And things unknown proposed as things forgot."

"By gentle steps, therefore, I would fain bring you and Allan Trout to the real origin of the expression 'to kick the bucket.'

"Both of you may have observed the wholly ruthless manner in which in a Chicago or Louisville packing house a hog is, by means of a chain put around one hind leg, whirled upward to an unpicturesque death. In country districts, however, there comes a time in the demise of an edible hog when a stout piece of wood about 20 inches long and pointed at each end is forced between the bone and the Achilles tendon of each of the hog's hind legs; by means of a rope fastened to the middle of this piece of wood the deceased porker is hauled up and left hanging head down for a while. This immodest attitude allows the flesh to become firm and to dry and assists in removing from the suspicious minds of prospective purchasers all idea that the hog has anything to conceal.

"In England this piece of wood has from time immemorial been called a

How Insurers Are Contributing to Paper Saving

Uniform Printing & Supply Division of Courier-Citizen Co. says the fire and casualty companies have accomplished much in their efforts to conserve paper, now more than ever, necessary in the war program. Policies have been reduced in size from 8½ x 29" to 8½ x 23"; 16 pound paper is used for both policies and daily reports instead of 20 pound resulting in a saving of about 15,000 pounds of paper for every million policies issued. Endorsements have been reduced in width from 8 inches to 7½ inches and manila backing on the pads has been eliminated. These and other important conservation measures must continue because of the greater restrictions to be expected soon.

Using Greater Rag Content

Wood pulp shortage has been the cause of discontinuance, by some paper mills, of 25% rag paper and they have encouraged the substitution of 50% rag papers to enable them to continue to operate. This grade in 16 pound paper will enable the mills to deliver increased yardage, with the hope of supplying paper for essential needs of insurance companies even after the WPB reduces pulp allotments to 75%.

It is inadvisable to rush to order larger than normal quantities of any item since that exhausts printers' inventories faster than replacements are possible. It does, however, appear to be sound purchasing policy to make commitments for printed supplies about three months prior to the date on which they may be needed as replacements. Through such advance planning the company is assured of a replacement supply from its supplier who is grateful for such cooperation in the times of uncertain labor conditions.

Plan Eldorado, Kan., Board

Urban Brown, president of the Kansas Association of Insurance Agents, will attend a meeting at Eldorado Jan. 20 to consider forming a local board there. Also attending will be Victor G. Henry, state national director; Frank T. Priest, state executive committee member, and B. J. Weldon, state educational chairman, all of Wichita.

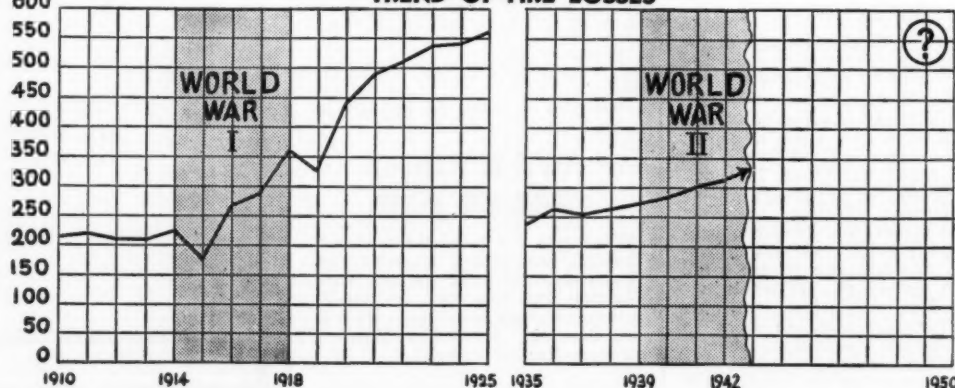
That evening the group will meet with the Winfield Insurance Board to assist in setting up a study group and discuss the public relations program.

'bucket' and no self-respecting hog allows itself to be placed in the position of thus 'kicking the bucket,' as it is called, unless he is thoroughly dead.

"I trust that it will now be clear to you and Allan Trout that anyone who associates with a milk pail the cogent expression 'to kick the bucket' places himself beyond the pale of the best bucolic thought and in the class of those at whom the late Mr. Pope was evidently aiming."

Millions of Dollars

TREND OF FIRE LOSSES



Reutlinger Tells Senators About Whisky Insurance Problems

WASHINGTON—A. Reutlinger of Louisville, representing certain insurance interests which he said insure 80% of the whisky stored in Kentucky or about half of that in the United States, recently appeared before the Senate finance committee in opposition to proposals to reduce from 8 years to four years the period within which liquor may be stored in bonded warehouses, tax-free, and to increase the internal revenue tax on liquor released in consequence to \$9 per gallon.

In business 32 years, Mr. Reutlinger said difficulty has been experienced recently in getting as much as \$3,000,000 of insurance on stored liquor. Such insurance is necessary, accompanied by a warehouse receipt, he explained, in order for distillers to borrow money from their banks. Whisky is only good collateral, he said, when accompanied by a fire insurance policy.

Exposed Warehouses

Under the proposed liquor legislation, the witness said, a large quantity would be affected and "ordinarily they would have to insure it for \$11,000,000, and there is not that much insurance obtainable in the world market." Less than 400 insurance companies available and operating now grade their commitments from \$2,500 up on exposed warehouses such as country distillers, said Mr. Reutlinger. At the present moment, he said, an average of about \$3,000,000 of insurance only can be obtained. Distillers would be forced out of business, he declared, because they would be without sufficient collateral to raise money necessary for the increased taxes.

Senator George, committee chairman, brought out that 300,000,000 gallons of liquor in storage is insured for \$100 per barrel on the average. But if the pro-

posed tax goes on, \$360 per barrel of insurance will have to be added, Mr. Reutlinger asserted. If the distiller had to carry that insurance he would have to borrow money. Now the federal tax, unpaid, is not covered by insurance. The distiller has to carry the whisky until he can dispose of it and he "would be faced with ruination without insurance," said Mr. Reutlinger.

Senator George asserted that "there is nothing like the volume of insurance you claim" involved in the liquor storage and tax problem.

Reutlinger said the distillers have to present warehouse receipts to their bankers which, "with an insurance policy, is good collateral. It would be impossible to sell the warehouse receipt unprotected by insurance," he explained.

Before the distiller can pay tax, he added, he must furnish his banker with a warehouse and insurance policy "and that policy will not be available to us because the market does not exist in the world today. Tax is not insured under our policy, but the minute you pay tax it has to be insured. If tax is ordered paid when whisky attains the age of four years it has to be insured on the same day."

Extra Hazardous

The witness described whisky insurance as "extra hazardous because even though it is enclosed in fireproof warehouses, that only excludes loss from the outside, and the contents of the house is where the hazard is." If whisky is gradually withdrawn from warehouse," Mr. Reutlinger said, "we would have no trouble to take care of it by insurance."

Senator George suggested it would not be necessary to move out whisky over four years old all at once or to get all

the insurance at once, "any particular day or hour."

"The amount of insurance you think possible," said Senator Radcliffe of Maryland, a committee member, to the witness, "I assume is not surmise on your part, but represents the well considered opinion of people in the insurance business."

"It is actual experience over 30 years," said Mr. Reutlinger.

"Consumers would be reducing the liability as fast as it is incurred," declared George.

"You are speaking of strictly a preferred risk," continued Radcliffe.

"There is nothing to the moral hazard," Reutlinger replied.

Physical Conditions

Radcliffe brought out that because of physical conditions, some whisky warehouses would not be insured and added that "you are assuming \$4,500,000 would be the maximum for strictly first-class business."

Indicating agreement, Mr. Reutlinger said that "some houses could not write half a million."

"You could not write any considerable amount at all," continued Radcliffe.

"That is right, if you get a house that is out of true and where the bricks are cracked, or anything like that, we could not insure the whisky at any price."

"That would reduce very materially your maximum you can sell at \$4,500,000," added Radcliffe.

Arthur W. Williams, secretary Whisky Brokers Association of America, Lowell, Ky., told the committee that under the proposed legislation "the insurance problem is one that there is no way in the world that they can cope with."

"The insurance business is inclined to offer the maximum amount of insurance possible in the liquor industry," remarked Radcliffe.

The George bill would have forced whisky out of bond at the end of four years of aging and under the Overton

N. F. P. A. Issues Warning on Soy Bean Plant Hazards

Soy bean processing plants are inadequately protected against fire, according to the National Fire Protection Association, which points to the poor fire record of this growing industry. The N.F.P.A. predicted that many serious fires can be expected in such plants unless present hazards are recognized and adequately guarded against. Soy bean oil is decidedly subject to spontaneous ignition, and soy bean cake, once ignited, is extremely difficult to distinguish. Pouring water on such fires may result in violent steam explosion. Most soy bean plants were not built to process this hazardous commodity, the N.F.P.A. points out; most plants lack an adequate number of fire extinguishers, and many are without sprinkler protection.

amendment taxes would be assessed at an ascending scale, ranging from \$9 a gallon, under four years of age, up to \$16 a gallon, for whisky 8 years of age.

Mr. Reutlinger told the committee that such legislation would destroy the distilling industry, in that all the insurance coverage in the world could not take care of such values as would be created in tax paid whisky, where the owners would be forced to move whisky at four years to free warehouses. First the distillers do not have the free or unbonded warehouses to move it to, and can not get materials or money to build them. Next whisky when tax paid has to be moved out of the bonded warehouses to free house.

Instead of \$2 a gallon, or \$100 a barrel, at \$9 a gallon, plus the whisky value, there would be \$11 a barrel insurance needed. This would mean \$9 times approximately 40 gallons, or \$360 additional insurance needed, and at a time

REINSURANCE

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114 Sansome St.
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LINES

when it is difficult to place any additional whisky insurance.

Chairman George was inclined to argue that there would be no difficulty in securing insurance and referred to cotton insurance, but Mr. Reutlinger argued that cotton is not nearly as flammable, or volatile, and there is always salvage from a cotton fire, whereas whisky fires are generally rather complete, and losses heavy. Likewise, total values of cotton do not approach whisky values, if the tax is to be insured as well as the whisky, and there is not the concentration of cotton values, as cotton is scattered in far more locations.

The following day the bill was defeated by a 17 to 2 vote.

Discuss Ore. Motorists' Law

PORTLAND, ORE.—The Oregon motorists financial responsibility law was discussed at a large meeting of the Portland and Oregon Associations of Insurance Agents. Duties and obligations of the insurers and agents under the act were thoroughly explored and discussed by the more than 200 who attended. George R. Merriam of Cosgrove & Co. acted as chairman and a "board of experts" made up of Lowell Miller, Portland manager for Hartford Accident; Fred Reed of the Harvey Wells-Reed Agency; L. M. Koon, manager of the Assigned Risk Pool in Oregon; Clarence Ellis, administrator of the financial responsibility department of the secretary of state's office; and Lee Bown, assistant superintendent of Oregon state police, handled specific phases of the law.

Todd Youngstown President

Joseph S. Todd has been elected president of the Youngstown (O.) Association of Insurance Agents. The meeting was Dec. 15 in the Mahoning Country Club. He succeeds E. R. Wood, who with William J. Walsh, was elected a trustee. P. P. Prosser is vice-president and George E. McNabb, Jr., was renamed secretary-treasurer.

J. F. Van Vechten, Akron, president of the Ohio Association of Insurance Agents, was the speaker.

Boynton Toledo Treasurer

Herbert S. Boynton has been elected a director of the Toledo (O.) Association of Insurance Agents, to succeed the late John C. Heidelberg.

WANT ADS

OHIO STATE AGENT WANTED

Stock Fire Company with good agency representation in Ohio has opening for State Agent. Good opportunity for advancement. Please give experience and salary expected. Replies treated confidentially. Personnel of our organization has been informed of this advertisement. Address communication to Box T-71, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

ASSISTANT MARINE UNDERWRITER WANTED

Old established Marine Office in the Chicago Insurance Exchange needs Assistant Underwriter. Reply stating age, experience and draft status. Address T-72, care The National Underwriter Co., 175 W. Jackson Blvd., Chicago, Ill.

WANTED

Long Established Reciprocal Exchange writing fire insurance and allied lines desires services of experienced salesman to represent them on West Coast. Reply with full details. Address T-68, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Chicago Captures Fire Week Award

Chicago has been given the top award for excellence of fire prevention week activities in 1943 by the International Fire Prevention Week Council. The Chicago program was jointly undertaken by the Chicago Board, Chicago fire department, and fire prevention committee of Chicago Association of Commerce. E. G. Frazier, Springfield F. & M., is chairman of the Association of Commerce committee and J. R. Wilson of Marsh & McLennan was in charge of the show that was staged.

Ottawa and Hull were tied for first place among the Canadian cities.

Other U.S. cities in the first five were Memphis, Jersey City, Cincinnati, and Fort Collins, Colo., in that order. Brantford, Ont., Sherbrooke, Que., and Edmonton, Alberta, placed second, third, and fourth in Canada.

T. Alfred Fleming, director of conservation National Board, is chairman of the N. F. P. A. committee in charge of the contest.

F. & G. Fire Employees Hold Annual Get Together Party

The Employees' Club of Fidelity & Guaranty Fire home office had 160 at its annual luncheon. Officers of the company attended and Harry F. Ogden, president of the company was introduced by William Von Eiff, president of the club. Miss Ruth Gallagher and Miss Ruth Debus received war bonds, awarded by the company through Vice-president Frank F. Dorsey for work of the club in connection with the community fund drive. Ten year service awards were made by Vice-president C. B. Gamble to Mrs. Edna Murphy and A. Byron Crisp. Treasurer John H. Kirker presented a war bond to Assistant Treasurer R. B. Munnikhyson, who has not been absent in 15 years.

Dancing followed lunch the deficit in dancing partners being made up by service men. Lieut. John E. Dallam, secretary in charge of the automobile department, now at Fort George Meade, Md., attended. Manuel Travieso, F. & G. statistician, acted as master of ceremonies.

London Assurance Commended

Trade paper advertising of London Assurance, in which the local agent's position is featured, was commended in a resolution adopted by the Rockland County Association of Local Agents at a meeting at Nyack, N. Y. The resolution also expressed appreciation of London Assurance's public relations trophy, which was presented to the Rockland county group at the annual meeting of the New York Association of Local Agents. The resolution points out that London Assurance's advertising is outstanding because it represents a radical departure from the usual type of advertisement.

Philip H. Cooney, investment manager of North America, has been elected a director of the Tradesmen's National Bank & Trust Company.

Policy Guaranty May Be Stated

Attorney-general Goldstein of New York has delivered an opinion to the effect that fire policies may be endorsed with the statement that the contract of the originating company is guaranteed by another insurer and that the reinsurer is also liable to the policyholder for any loss which may occur.

In 1934 Superintendent Van Schaick ruled that any statement endorsed or printed upon a fire policy to the effect that all liability was assumed or reinsured by another violated Section 121 of the insurance law. Since that time, however, there have been a number of changes in the insurance law and the question was presented to the attorney general last June.

The inquiry was prompted by an application of Franklin Fire to have endorsed on its policies such a guarantee.

Section 121 of the former insurance law prescribed a form of standard fire policy but this has been superseded by the law providing a new standard form and the attorney general holds that a provision that the assuming insurer has assumed the policy obligations of the ceding insurer as direct obligation of the assuming company to the obligees under the policies is a provision not inconsistent with the provisions of the new standard fire policy.

Law Provision Interpreted

The attorney-general has taken into consideration Section 77 (4) of the insurance law which provides that no insurer shall make any statement or communication to the effect that it has or expects to have reinsurance by any named assuming insurer not authorized to do a reinsurance business in New York or to the effect that its policies are guaranteed, wholly or partly by any other person, insurer or institution. The attorney general finds that the fact that the prohibition against public announcement that the insurer has reinsurance by a named assuming insurer is limited to assuming insurers not authorized to do a reinsurance business in New York is a definite indication that such announcement that the insurer has reinsurance by a named assuming insurer authorized to do a reinsurance business in the state is permissible.

Des Moines Aids Forshay Fund

DES MOINES—The Des Moines Association of Insurance Agents has voted to send a \$50 check to the Forshay memorial fund started at the recent National association convention. It is the first Iowa board to take such action, although many individual contributions have been sent in.

Farm Underwriters Date Jan. 5

The Farm Underwriters Association has changed the date for its annual meeting in Chicago to June 5. Following the meeting there will be a dinner at the Union League Club.

Kenneth C. Rowland has been named chairman of a committee to cooperate with the Treasury Department in the sale of war bonds on the payroll deducting plan in Toledo, O.

More Severe Pinch in Manpower Ahead

Relief, However, Is Predicted After Middle of Next Year

NEW YORK—With the manpower shortage such an oppressive problem in insurance offices, any informed guesses as to what the future trend in this direction may be are devoured by executives. The Research Institute of America, of which Leon Henderson is chairman of the board of editors, recently undertook to make such a guess. In a release of material on post-war planning accompanied by a press conference at which Henderson was featured, the Research Institute predicts that during the early months of 1944 war production will reach its peak and there will be a "severe manpower shortage pinching less essential civilian lines."

That, of course, is a prediction that offers small comfort to insurance employers and it is one that probably would be made by most observers. But the Research Institute and Henderson differ sharply with the military authorities who contend that there will be a continuing demand for maximum output of war materials. Research Institute ventures opinion that after the middle of 1944 there will begin a real cut-back in war production and this may reach a rate of 25% below the peak of 1944 by the end of that year. The guess is also made that there will be unemployment in war production areas that may reach 4,000,000 by the end of the year.

N. Y. Insurance Society Receives Am. Surety Gift

Presentation of a check for \$25,000 as a gift from American Surety to the Insurance Society of New York in honor of Chairman F. W. Lafrentz of American Surety took place at a luncheon of officers and directors of the Insurance Society. Also attending were officers of American Surety.

The money will be used to establish a permanent endowment fund to be known as the F. W. Lafrentz surety and educational fund. The check was accepted by President William A. Riordan of the Insurance Society.

Prints B. D. O. Quiz Answers

PHILADELPHIA—The Fire Association group has published a booklet containing the questions submitted to the Business Development Office and the answers given by the B.D.O. at the annual meeting of the Minnesota agents association. The foreword points out that the questions are believed to be pertinent and the answers, which represent a composite of expert opinion, are regarded as a reasonable and intelligent expression of the insurance trade respecting these matters. A copy may be secured without charge from the Fire Association group, 401 Walnut street, Philadelphia.

Sell disability with "Seven Good Reasons Why" folder. Get samples from The A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, Ohio.

Utah Home Fire Insurance Company

—HOME OFFICE—
SALT LAKE CITY, UTAH

GENERAL AGENCIES

F. K. Hinton and Associates.....175 W. Jackson Blvd., Chicago
Cobb & Stebbins.....Gas and Electric Bldg., Denver
Heber J. Grant & Company.....20 S. Main St., Salt Lake City
Lamping & Company.....Colman Bldg., Seattle
Lamping & Company.....Spalding Bldg., Portland
California Agencies, Inc.....114 Sansome St., San Francisco
Southwestern General Agency.....Title & Trust Bldg., Phoenix

MARINE GENERAL AGENT

A. B. Knowles & Company.....114 Sansome St., San Francisco
A. B. Knowles & Company.....Colman Bldg., Seattle

DEARBORN NATIONAL INSURANCE COMPANIES

Dearborn National Insurance Co.
Dearborn National Casualty Co.

—MICHIGAN AGENTS—

GENERAL AGENCY TERRITORY OPEN
GRAND RAPIDS — LANSING — KALAMAZOO
WRITE TO — C. A. ISTOCK, V. P.
154 Bagley Ave. 26, Detroit, Mich

Safety Institute Gives Suggestions

Presents Facts About Common Types of Fire Extinguishers

The Safety Research Institute of New York City says:

"Several common types of fire extinguishers are subject to freezing and, if allowed to do so, may be rendered inoperative or even dangerous to use. Soda-acid, foam and gas cartridge extinguishers must be kept in relatively warm locations (above 40 degrees Fahrenheit to be safe) or in suitably heated cabinets. The National Board specifies that cabinets for use in sub-zero climates be of 3/4 inch, double-wall construction and be heated by a continuously burning incandescent lamp of not less than 50 watts. Single-wall enclosures, similarly heated, are suggested for locations where temperatures below zero Fahrenheit are not encountered.

Should Not Add Anti-freeze Chemicals

"Anti-freeze chemicals, such as common salt, calcium chloride and glycerine, should not be added to extinguishers of these types, since foreign ingredients may reduce the effectiveness or change the nature of the discharge, or corrode the parts and make the extinguishers dangerous to use.

"Pump tank and gas cartridge extinguishers can be protected by adding anti-freeze chemicals supplied by the manufacturer. Chemicals other than these should not be used, however, as they may cause corrosion.

"Extinguishers which do not require protection from freezing are the vaporizing liquid, carbon dioxide, and loaded stream types. The first two contain no water; the latter does contain water, but has chemicals added which depress the freezing point.

"Since the sale of all Underwriters Laboratories approved extinguishers is now subject to priority restrictions, careful maintenance, including protection against freezing and an annual inspection and recharge, is doubly important."

R. O. Reid Albany President

R. O. Reid, North British & Mercantile, has been elected president of the Albany Field Club. W. C. Haight, Great American, is vice-president; R. L. McNitt, Home, treasurer, and W. M. Home, Sun, secretary.

\$70,000 Bexley, O., Loss

Alber's super market at 2218 East Main street, Bexley, O., suburb of Columbus, was destroyed by fire Sunday morning, only the walls of the building being left standing. Insurance was \$70,000 of which approximately \$50,000 was on stock. The fire is believed to have been caused by an explosion near the furnace. After the department had arrived, another explosion blew out front windows.

Cancellation Is Expedited

The War Shipping Administration has announced an optional method of cancellation for war risk open cargo policies by reference to bills of lading, or equivalent shipping documents, issued on or after the date mentioned in the cancellation notice, or lacking either of these documents, the actual loading of the goods on the overseas vessel. This method will make it unnecessary for the insured to determine actual loading dates and thus disclosure of shipping information will be eliminated. The method does not do away with the policy requirement that 15 days notice of cancellation must be given.

Appraisal Issue Before U. S. Circuit Court of Appeals

The United States circuit court of appeals, 5th circuit, reversed a decision in Barfield vs. Pennsylvania Lumbermen's Mutual et al. Barfield sought a declaratory judgment concerning the acceptance of an appraisal agreement. When Barfield's property was partly destroyed by fire there was a disagreement as to the proper basis for estimating the sound value and loss. The companies nominated an appraiser and requested the assured to do the same. The insured did as instructed but added a long provision detailing the manner of arriving at a market price. The company rejected the agreement and later the policyholder also rejected a form offered by the company providing that the appraisers proceed according to the provisions of the policy.

Holding of the Court

The lower court decreed that the insured was not bound to accept the company's agreement which was in accord with the policies, and that by rejecting this offer, the companies waived their right to an appraisal. On appeal, the higher court declared that no actual controversy existed. Neither had claimed that the other had forfeited the right to an appraisal, but each was still desiring it under his own terms. The policy clearly stated that the appraisers were to judge the actual cash value of the property before the fire, with proper deduction for depreciation, and find the sound value and the loss, not exceeding the cost of replacement. The effect and purpose of the lower court's decree, said the higher court, was to get an instruction as to what the appraisers should consider, which would substitute a judicial proceeding for the simple appraisal agreed on. Accordingly, the judgment was reversed and the petition dismissed.

Negligent Filling of Gasoline Tank Is Not Upheld

The Louisiana court of appeals, second circuit, affirms the lower court in Hardware Dealers Mutual Fire vs. Standard Oil Company et al. The Hardware Dealers was obliged to pay a fire loss when the property was destroyed. As a gasoline storage tank was being refilled by the oil company's truck driver, one of the outlets connected with the underground storage tank overflowed, and the gasoline spread to a nearby open burning gas heater, causing an explosion and the resulting fire. The plaintiff, Hardware Dealers, was subrogated to the insured's rights against the oil company and the suit was brought on the theory that the oil company was negligent in opening the valve.

At the trial it was disclosed that the oil company's manager went out to oversee the transfer of the gasoline and he suggested to the driver that the usual procedure was to open the valve, and that after the gasoline started into the tank, the manager watched the valve for several minutes, then left the scene of operations.

On appeal from a judgment for the Standard Oil Company, the court declared that the Hardware Dealers failed to show negligence on the part of the driver and that if his actions were negligent by actively supervising the transfer, the insured's manager was concurrently negligent, thereby forfeiting any cause of action in favor of the insured to the Hardware Dealers. Judgment for the Standard Oil Company was therefore affirmed.

Late Casualty News

Decline in Contract Bond Premiums

Estimated That There Will Be a Decrease of \$15,000,000 for 1943

NEW YORK—Those in close touch with the surety business predict that the year will end with about a \$15,000,000 drop in contract bond premiums. In fact, there is very little new contract bond business to be had. The big war industries that were great feeders are not extending themselves and the feeling prevails that almost all war contract prospects are stopped for good.

The companies, however, are thinking about the future. They seem to feel that ultimately there will be quite a revival of contract bond applications due to various public movements getting started to rehabilitate and rebuild. Nothing of that kind is being done now, however, as all energy is being placed in the war effort. There may be small pickings from now on up to the end of the war from a contract bond standpoint. A

year or so after the war wisecracks predict there will be something of a famine. Those analyzing the situation say that it is quite natural that there should be a great upsurge in contract bonding later on and the situation will be such that many contractors will get in the field. That will require a careful selection. There will still be priorities rules for some time and companies writing contract bonds predict that it will be some time before the building activities get well under way. Some predict that many more bonds will be written on contract work for private interests.

Social Security Extension Means Much Overlapping

DETROIT—E. H. O'Connor, executive director of the Insurance Economics Society, told a joint meeting of the Detroit Association of Insurance Agents and Detroit Accident & Health Association that the proposed extension of the social security plan, as set forth in the Wagner-Dingell bill now before Congress, would largely overlap the benefits already provided by private insurance, workmen's compensation acts, and self-insurance by large industries.

Mrs. Charlotte Tomlins, wife of First Vice-president W. M. Tomlins, Jr., of American Surety, died at her home in Brooklyn.

*FIGHTING MEN OF AMERICA—No. 4

1898



When "Teddy" was Colonel of Roughriders

The Spanish-American War, touched off by the sinking of the "Maine" in Havana Harbor, brought about a radical change in United States influence in two hemispheres. The destruction of the Spanish fleet by Dewey in Manila Bay gave us the Philippines, and in 1898 the important island of Cuba was freed from Spanish rule after a naval victory by our Atlantic fleet and the invasion of sixteen thousand troops, among which were "Teddy" and his Roughriders.

If you would like a poster-size reprint in color of the "Colonel," together with a descriptive booklet on business development for insurance men called "Planned Progress," write to:

**Boston Insurance Company
Old Colony Insurance Company**

87 Kilby Street, Boston, Massachusetts

*The fourth in a series of illustrations of American men of seven wars.

NEWS OF FIELD MEN

A. J. Wyatt to National Fire Home Office; Field Changes Are Made in East

State Agent A. J. Wyatt of National Fire at Pittsburgh is being transferred to the home office in Hartford as of Jan. 1, to serve as a general agent.

Special Agent J. K. Gifford takes over as state agent in the western Pennsylvania office at Pittsburgh. Mr. Gifford formerly served the territory for the National Fire group.

Special Agent L. Christianson moves to the central Pennsylvania field from Philadelphia to take over the work formerly handled by Mr. Gifford at the Harrisburg office.

F. A. Couch, who has spent a number of years in the field and as a local agent, has been appointed special agent in the eastern Pennsylvania office at Philadelphia.

Western Washington Field Group to Elect Jan. 10

SEATTLE—The annual meeting of the Special Agents Association of the Pacific Northwest (western Washington division) has been set for Jan. 10. There will be the report of the administration by President H. B. Murray, Aetna Fire and reports by other officers and committee chairmen.

A new slate of officers will be proposed by the nominating committee, headed by Anderson S. Joy, Travelers Fire. If the customary procedure is followed, Harry C. Rowles, North British, will be elevated to the presidency. He is now vice-president. Terry A. Hill, North America, is slated to move up to the vice-presidency.

Following the business session, there will be a social hour and dinner at 7 p.m. Paul F. Harrington, New York Underwriters, is in charge of the entertainment program.

H. D. Lemmon Named Tex. Special Agent of Aetna Fire

Aetna Fire has appointed H. D. Lemmon special agent for Aetna, World, and Standard Fire in Texas. He will be associated with State Agent C. J. Wykoff and will make his headquarters in Dallas. Mr. Lemmon is a native of Ohio. He is a graduate of Oklahoma A. & M. College. After teaching for three years he joined an Oklahoma general agency and traveled for several years in Texas. In 1933 he opened his own agency in Dallas, which he operated until he became special representative of a bonding company in 1942.

Colquitt to Retire in N. C. Carlton Is Successor

Wellborn Colquitt is retiring as special agent in North Carolina for Crum & Forster after 20 years of service. Percy L. Carlton, who has been with Crum & Forster for 15 years, will succeed Mr. Colquitt and will make his headquarters in the Commercial National Bank building in Charlotte.

Mr. Colquitt has not been in the best of health for several years so he decided to retire from active duty. He has also been secretary and director of Southern Fire of Durham. He will retire as secretary but continue as director.

W. Va. Field Meeting

The annual meeting of the West Virginia Fire Underwriters Association will be held at the Hotel Prichard, Huntington, W. Va., Jan. 19. Paul E. Briggs, Commercial Union, is president; Herbert Fahlgren, Camden Fire, vice-president; D. E. Wilson, Phoenix of England, chairman executive committee.

Nearly 2,500 War Plant Inspections Made in Ind. by Fire Field Men

The organization of field men in Indiana, who were the first to set up a program for inspection of defense plants and essential industries, has now to its credit nearly 2,500 of these inspections. The success that attended their efforts has attracted nationwide attention and other states are being organized along similar lines. The movement was sponsored last February by the state fire marshal's office in collaboration with the Indiana Fire Prevention Association. For at least six months the inspection work has continued without interruption.

Governor Schricker authorized State Fire Marshal Smith to give all the time necessary to make it a success. Much of the detail work passes through his office. The outlining of the program and making assignments has been in the hands of a hard-working committee, of which Alwin E. Bulau, Home, is director.

Postpone Wichita Inspection

Dates for the proposed inspection of Wichita, tentatively set for Jan. 11-15, were postponed at a meeting of the Kansas Fire Prevention Association in Topeka Monday. The executive committee of the association has been called to meet Jan. 4 in Topeka to give further consideration to the inspection and set dates, and may select a date in February. The Wichita chamber of commerce and fire department made an urgent request for an inspection at an early date, due to four major fires in the city in the past 60 days.

Life Certificate to Faulkner

DES MOINES—The Iowa Blue Goose will present a life certificate to Walter Faulkner, Iowa state agent of Crum & Forster, it was announced at the weekly luncheon. New field men introduced at the meeting were Russell Nelson, new state agent of Dubuque Fire & Marine, and Roy Wetherall, successor to Morris Toussaint of St. Paul Fire & Marine, who will enter the army shortly.

Confer on SWIS in Mass.

BOSTON—Percy C. Charnock of the New England Insurance Exchange, who has been appointed by Commissioner Harrington as state director of the State War Inspection Service for Massachusetts, held a meeting with the 160 or more field men who are to participate in the inspection of war plants at the suggestion of the federal authorities.

Officials of the insurance department, OCD security division and Massachusetts Committee of Public Safety spoke. It was announced the volunteer inspectors will qualify for additional gasoline rations.

The Sioux Falls (S. D.) Blue Goose Luncheon Club is holding its Christmas party Dec. 27. The committee in charge includes E. W. Beardsley, Western Adjustment; James Brower, American; and A. J. Bell, Hartford Fire.

The Seattle Blue Goose held its Christmas "hi-jinx" party, Dec. 22.

The Sunflower Blue Goose puddle at Wichita will hold its New Year "stag" the afternoon of Dec. 31, with C. C. Crow, Underwriters Adjusting, in charge. A party for the auxiliary is announced for Jan. 15.

The Anthracite Field Club of Pennsylvania is holding a holiday party the evening of Dec. 28 in Scranton. Bernie Harding is chairman of the entertainment committee.

The Wisconsin Women of the Blue Goose held their Christmas party at the

home of Mrs. Richard Kenzel, president. They prepared 50 Christmas packages to be distributed among hospitalized service men at the Veterans Hospital near Milwaukee.

COMPANIES

Carey America Fore General Counsel

The America Fore group has advanced George R. Carey to the post of general counsel for all companies. Previously counsel, Mr. Carey has been with America Fore since 1925 when he started in the claims and legal department of Fidelity & Casualty.

In 1935 he transferred to the legal department of all of the group's companies as assistant to the late Lamar Hill, vice-president and general counsel, supervising the group's legal problems. Born in Jersey City in 1902, Mr. Carey attended Stevens Prep and Dickinson high school. He graduated from St. Johns College School of Law.

Mr. Carey became counsel in 1941 when the late T. J. O'Gorman was named general counsel.



G. R. Carey

M. S. Morgan on North Am. Board

Marshall S. Morgan has been elected a director of North America, to succeed the late Henry G. Brengle. Mr. Morgan is president of Fidelity-Philadelphia Trust Company.

Boston Pays \$5 Special

Boston has declared its regular dividend of \$4 and a special dividend of \$5, both payable Jan. 3 to stock of record Dec. 14. Also the affiliated Old Colony has declared the regular dividend of \$5 and a special of \$15.

Reinsurance Corp. Dividend

Directors of Reinsurance Corporation of New York have declared a dividend of 17½ cents per share, payable Dec. 29. Total dividend payments for 1943 amount to 25 cents per share, the same as in 1942.

Use Lincoln for Cargo Cover

RICHMOND, VA.—Markel Service which has just purchased Lincoln Fire of New York, plans to utilize that company principally for writing cargo coverage, according to Lewis C. Markel of that organization. Some fire business may be written, but if it is it will be only in a limited way. Cargo will be written under the inland marine provisions of the Lincoln's charter.

Mr. Markel says no decision has yet been reached as to whether or not the home office of Lincoln will be moved to Richmond. S. A. Markel, president of Markel Service, is also head of American Fidelity & Casualty of Richmond.

NEW YORK

BROKERS GET CLIENTS' SUPPORT

Members of the Insurance Brokers Association of New York are meeting with a very cordial response in their efforts to interest their clients in supporting the passage of the Bailey-Van Nuys and Walter bills in Congress which would clarify the position of the insurance business as respects the federal anti-trust laws. The fact that insurance men can place their case before their clients and gain strong support for it is regarded as excellent proof that the insur-

ance business is on sound ground. Obviously a broker would be in a precarious position to enlist the support of his clients for a measure which was not to their interest or to the interest of insured generally.

Some weeks ago the association wrote its members asking them to get in touch with their congressmen and senators personally and to urge their clients to do so.

The National Association of Insurance Brokers has urged its member associations to support the pending bills. Thus far the Chicago Association is the only member which has dissented.

CENTRAL BUREAU REPORT

Unpaid earned premiums of fire companies in July amounted to \$11,742, an increase of \$35 as compared with the same month of 1942, the Central Bureau has reported to the New York department. Unpaid earned premiums of casualty companies were \$66,040, a decrease of \$15,125.

JEWISH CHARITIES' ANNUAL DINNER

A large and representative group attended the annual dinner of the insurance division of the New York and Brooklyn Federations of Jewish Charities. Milton Berson, general insurance chairman, and M. M. Goldstein, life insurance chairman, were both ill and in their absence Clarence Whitehill, co-chairman for general insurance, presided. C. M. Loeb, Jr., chairman special gifts committee, was guest speaker.

IN U. S. WAR SERVICE

S. L. Bodman, special agent in charge of the St. Louis branch of the Marine

Office of America has been commissioned lieutenant (j.g.) in the naval reserve and will report on Jan. 4, for training at Quonset, R. I.

Mr. Bodman joined Marine Office in 1931 as a student in the New York head office and the following year went with R. D. Sullivan, manager of the Chicago office. He served as underwriter in the western department, and then entered field work in 1936 primarily in Illinois.

Lieut. Sidney Kozak, Milwaukee, has been promoted from second to first lieutenant at Fort Jackson, S. C., where he is commanding officer of a Negro unit. He formerly was associated with his father, Charles Kozak, in his local agency in Milwaukee.

Chester Snow, son of C. A. Snow, secretary Phoenix of Hartford, is in the Worcester Polytech naval training unit. He is studying electrical engineering at present and expects to receive his commission next year, probably working in radar.

Lieut. Scott Memel, son of E. D. Memel of the Eureka-Security agency in Cincinnati, was home on sick leave recently. A veteran of seven engagements in the South Pacific on destroyer service, Lieutenant Memel is now stationed temporarily in Philadelphia.

William Butler, for many years assistant manager of the Oklahoma Audit Bureau, is in Oklahoma City for a 30-day furlough. He has been serving in the navy in the southern Pacific as chief boatswain mate.

Fred A. Beckford, Jr., special agent of Norfolk & Dedham Mutual Fire, Dedham, Mass., has enlisted in the marine corps and has gone into training at Parris Island, S. C.

Lieut. V. B. Steenrod, naval reserve, former North America state agent in Kansas, now assigned to a naval base at San Francisco, will have a Christmas leave to return to Topeka.

AS SEEN FROM CHICAGO

"MARSH-McLENNAN NEWS"

The employees of Marsh & McLennan who are in the service receive each month "Marsh-McLennan News." This is a business family house organ prepared especially for those who have gone to war giving them all sorts of information regarding persons in the organization and those in the service. M. Dick Jack of the Chicago office inaugurated the plan after he saw a cartoon in the Chicago "Tribune" depicting service men at the time the mail arrives. He was distressed at the expression on the faces of those who received no mail. He decided that the Marsh & McLennan people in the service would at least have this versatile magazine from which they would find much news and enjoyment. The first issue was published in October last year containing 15 pages. There has been an issue each month since. The first anniversary issue came from the press in October of this year, having 32 pages. It is sent to 205 employees of the agency who are in the service. The Christmas issue will be the most extensive and elaborate of any yet sent out.

Starting with the January number, Mr. Jack will include a copy of the "Insurance Exchange Magazine" of Chicago, so that the readers will keep informed of some of the people and events outside of their own organization.

Each issue contains an attractive, colorful illustration on the cover prepared by an artist. Each one starts with a personal message from C. W. Seabury, Marsh & McLennan president, or Mr. Jack himself. The names of all entering the service are given together with the branch in which they are associated and other information concerning them. During the summer and fall season sports activities are given attention. The standings and averages of the bowling league are shown. Still another feature is "Visitors to the Office." This includes the men and women in the service who have visited the Chicago office on leave or furlough. "The Letter Box" contains individual messages addressed to those in the service from their friends and associates who are still at work at home.

There are many other arresting features that appeal especially to those away from their normal haunts. There is plenty of pleasantry, jokes and personal references that make each issue attractive and sprightly.

LIBRARY HAS C.P.C.U. BOOKS

The insurance library of Chicago now has all the insurance text books which are needed in preparing for the C.P.C.U. degree and also all of the books on economics, finance, and so forth, which are required reading. Mrs. Evalyn F. Andrews, librarian, announced. The committee which is sponsoring the Chicago C.P.C.U. course, of which Donald Wood, Jr. of Childs & Wood is chairman, is laying plans for the new course which will start some time in January or February and will run for several months.

HENNE GIVES STAFF DINNER

E. A. Henne, resident vice-president of the America Fore group in the western department, gave his annual dinner to his associate executives, heads of departments and other key men Tuesday evening. There were about 85 present. This occasion is always anticipated with

great delight by those who enjoy Mr. Henne's hospitality.

W. U. A. ANNUAL MEETING

The Western Underwriters Association will hold its annual meeting again in Chicago this year but it will not be able to be taken care of at the Edgewater Beach Hotel as was the case last April. The meeting will be held at the Drake Hotel, undoubtedly the first week in April. This is two weeks previous to the regular time of the meeting but that was the only open date that was available at the Drake.

S. C. A. IN TIMES BUILDING

The Chicago office of the Stock Company Association, which handles Wisconsin, Illinois, Michigan and Indiana, has moved to larger quarters in the Times building, 211 West Wacker drive, telephone Randolph 3553. It has been located in the Merchandise Mart. A. P. Morey is the manager.

DISSOLVE WHITEHALL AGENCY

The Whitehall agency in the Board of Trade building in Chicago is being dissolved. The president was Richard E. Hall, who is also Chicago manager of Central Surety.

Mrs. Hugo Dalmar was hostess to the members of the Insurance Distaff Executives Association of Chicago at her home in Evanston. In addition to a visit from Santa Claus, the role being played by Mabel Hammond, the famous clown, Co Co, entertained the group. The members left with Mrs. Dalmar about 500 Christmas stockings which they had filled for the men at Fort Sheridan.

Miss Elcie Benham, who has been with the National Board in Chicago 27 years and has been secretary to Associate General Counsel E. M. Griggs 20

Comments on Expediting Expenses Under U. & O.

Eugene Arms, manager of the Mill Mutual Fire Prevention Bureau, Chicago, disagrees with the conclusions regarding treatment of expediting expenses to reduce use and occupancy losses which appeared in THE NATIONAL UNDERWRITER of Dec. 15 under the title, "Assured Coinsurer Under Loss, Not Under Salvage."

Mr. Arms writes that he wonders "from what form the writer of this could have been reading when he arrived at the conclusion that the company must pay all expense of reduction in the amount of loss. All of the forms that I have before me say just the opposite."

"The first process in arriving at any claim is to arrive at the amount of loss, and the proviso that 'and in the event of the loss being so reduced such reduction shall be taken into account in arriving at the amount of the loss hereunder' simply reduces the amount of loss. That is no different than as though one end of the plant burned and the other continued to operate. The partial suspension clause is operative in each case," he states.

Brief in S. E. U. A. Case Expected

WASHINGTON — The government brief in the Southeastern Underwriters Association case is expected to be filed this week in the U. S. Supreme Court. The association will have 15 days longer to file its brief.

years, is retiring from business life. Miss Benham is known to many fire insurance people. She has been well posted and has been able to handle much of the work independently. She started with the late O. B. Ryon.

The "Pictograph's" visual sales aids gets the A. & H. apps, \$3.00. The A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, Ohio.



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House Committee Has Spirited Debate on Insurance Bill

(CONTINUED FROM PAGE 3)

judiciary committee report statement that the bill "is not designed to interfere with the court proceeding. That is a declaration of legislative purpose," he added. "Nobody I know of thinks it would interfere with determination by the court."

"The bill shows to my mind the direction in which public thinking is running," remarked Cox.

Sumners said the bill represents the "concern of people trying to get legislation through so that if the Supreme Court holds insurance is commerce, then there would not be a chaotic condition in the insurance business. Many insurance companies operating under state laws would be violating the anti-trust laws," he added.

"I think it would be taking powers away from the court," declared Sabath.

"Under the Constitution, has not Congress the right and duty to legislate?" asked Rep. Hamilton Fish, New York.

"The Supreme Court has been given the right to pass on legislation," Sabath insisted.

"If you could get the bill out so that we could act upon before the Christmas recess," suggested Sumners, tentatively.

Others Want to Be Heard

"That would be impossible," replied Sabath. "I have talked with the speaker and majority leader. I know what the program is. A good many people want to be heard on this matter."

Sumners told the committee that in many states the insurance interests set up boards of control which require the same rates to be charged and that companies do business in the same way; that they shall put aside certain funds, and otherwise regulate the business within the state. Such organizations are encouraged by state policies, he added. If the companies would abide by anti-trust laws, if applicable to them, he said, they would violate state laws.

"Does that mean the states have authorized procedure contrary to the anti-trust laws?" asked a committee member.

"States have approved methods not in accordance with anti-trust laws," Sumners admitted.

States Have Plenary Powers

Representative Michener, Michigan, a committeeman, said he had heard a "main objection" that insurance companies enter into agreement to divide the country up into regions for which they fix rates. He admitted that states have plenary powers to regulate, but said that it is contended that if a state passes regulatory laws not in keeping with the rules of insurance companies, then the latter withdraw from that particular region, "which they have a right to do," he added. If a state wants protection of insurance companies for its citizens, Michener charged, "it is forced to pass regulations as the companies dictate." If that is true, he added, that is a reason why there should be fair regulation, if the state has power, but he suggested it may have the "ambition and desire, but not the power."

Judge Sumners countered with a statement that 20 or 30 years ago the Texas legislature passed a law requiring insurance companies doing business there to invest a certain amount in Texas securities. "The big life insurance companies pulled out of Texas," he continued. "The people there organized companies of their own, fire and life, which made good investments for the people of our communities. The big life companies several years later came back into the state. That illustrates what the states can do." Sumners said that "insurance companies are very much like the railroad companies. In their nature, they could not stand unlimited competition."

Appearing in opposition to a special rule, Representative Russell said he

owns stock in two small insurance companies. He compared the pending legislation to NRA which the Supreme Court knocked out several years ago. If the insurance exemption bill is passed, he predicted, it would injure not only 130,000,000 Americans, but the insurance companies themselves. The Supreme Court follows the will of the people as voiced in the last election, Russell declared.

Russell said that friends of the pending insurance bill do not distinguish between interstate and intrastate regulation. Sixteen states have no regulation of insurance, he added.

"Don't you think the people want to hold onto home rule?" asked Rep. Cox.

Russell admitted that perhaps federal interference has gone too far, but charged that the state's rights principle is being used in the pending instance "to bring about hysteria."

Cox suggested the legislation is proposed because Congress and the country have "lost faith in the Supreme Court." Russell referred to "clamor of the insurance companies to be relieved from an anticipated ruling" by the court. He added he had been dissatisfied with many rulings of the court, but that "the legislative branch is attempting the same thing, in principle, now" in the pending bill.

"Is it not unusual that insurance companies, under a long line of decisions, should come in here for this legislation?" asked Rep. Clark, North Carolina.

Russell described the pending proposal as an attempt "to do now by the legislative branch what the court did several years ago"—referring to the Supreme Court having overruled acts of Congress. He charged that the committee was being asked "as a special favor" to the insurance interests to give a green light to the bill.

"This committee is no rubber stamp body," declared Rep. Cox.

"I am neither for nor against the insurance companies," said Rep. Smith, Virginia, "but I am interested in pro-

tecting state's rights. Is an insurance contract a transaction in interstate commerce?"

"It certainly would not be interstate commerce, if taken by itself," replied Russell. "That was the only question decided in Paul vs. Virginia. That particular transaction did not bring the matter into interstate commerce. Over 20 states have anti-trust laws based on trade and commerce. They hold insurance companies come under them."

"Suppose an insurance company in Texas did business only there," said Smith, "there would not be any question it is not in interstate commerce. Suppose it is incorporated in New Jersey and still does business only in Texas?"

Russell answered that in the latter case it would not come under state law. "The Southeastern Underwriters Association operates in many states and fixes rates in a number of states?" asked Clark.

"Yes," Russell replied.

Cartel Principle

"If that is true that is the cartel principle," remarked Rep. Michener.

When Russell was asked if he was satisfied with his state regulation of insurance, he replied: "I am not satisfied with the way they carry on. I am satisfied the state can, in a measure, so far as intrastate matters are concerned, regulate them." He added Texas has the "strictest regulation of any state," but that he was not satisfied, "except as applicable to intrastate business." He referred to going to the state legislature and to "lobbies they have there," which would have to be "overcome," he said, "to bring about proper regulation." Russell said he had been approached by a representative of insurance interests who told him that 90% of the Texas insurance business was handled by out of state companies.

"We have had democratic administrations in New York for 20 years," stated Fish, "and their insurance commissioners have handled that work in excellent

manner, without criticism. The state is doing well as it is and don't want to be regimented by the federal government."

"What right would the states get they do not now have, under this bill?"

"None," Russell admitted. Referring to the small business committee hearings, he said that law violations "were admitted there." He took issue with the claim that if insurance is held interstate commerce it would violate state laws.

"If the insurance companies, through combination, are looting the public and violating legislative restraints, the government, through the Department of Justice, ought to have the right to step in and challenge them in the courts?" Cox asked.

Protecting the Public

"Yes," said Russell, "in defense of the people, because the Department is the only agency to protect the public."

"That is a pretty serious charge," interjected Fish. "Give us proof."

"I believe there is something behind the Southeastern Underwriters case that required action," replied Russell. He charged that New York authorities found that certain companies did not accurately report losses paid, compared to premiums received, and that report of \$16,500,000 profits was withheld.

"I think all the companies are reaping unconscionable profit at the present," declared Cox.

"No question about exorbitant profits," agreed Russell.

"If profits are so big why don't we get larger dividends on policies?" another committeeman asked.

"My observations apply more particularly to fire and casualty," Cox explained.

Russell referred to companies in other states doing business in Texas making "separation agreements."

Convicting on Surmises

Sumners answered that the state could control such matters by canceling licenses to do business within its borders. "Insurance commissioners have full power to grant or not grant," he asserted. "You can't convict people on surmises."

"You say that for years insurance companies questioned jurisdiction of the states?" asked Sabath.

"They claimed their business was interstate commerce," said Russell. "They did not want state regulation; that they would have to comply with 48 different laws and regulations. Their lawyers argued they would rather have one set of laws of the federal government."

Russell told of his experience as a judge in Texas, when, he said, he had many insurance cases, but that the companies asked removal of many of them to the federal courts. "Whether this bill is passed, the Supreme Court will protect state's rights," he predicted, and will be bound to hold insurance is intrastate business.

"Suppose they do that," asked Clark, "and Congress takes no action, then would you have only state regulation of insurance, but a federal statute saying they should not violate the anti-trust laws?"

"Yes."

"Does the bill give the states additional power, or take any away?" asked Sabath.

Calls Commissioners Bureaucrats

"No." Russell went on to say that under the Hancock-Walter bill "we are just saying that we don't like bureaucrats." The state insurance commissioners, he added, are bureaucrats.

Cox referred to a fear among people of federal control and bureaucratic domination. He declared the public is concerned and wants to reclaim some powers taken over by the federal government and to reinstate local self government. "This bill is a move in that direction," he asserted.

"If we are going to do that and lessen powers under the interstate commerce clause," asked Clark, "would it not be more constitutional to start by modifying the definition of interstate com-



This battered house and equally battered furnishings at Easton, Pa., present a graphic argument for extended coverage. Two storage gas tanks of the Easton Gas Works, near the house, ripped the house apart and did equally great damage to many other homes. Inherent explosion coverage included in many fire insurance forms would not have covered this loss, as it did not originate within the dwelling, nor from a hazard inherent in its occupancy, but the full explosion coverage of the extended coverage endorsement (and also the simple explosion or riot and civil commotion policy) would protect the owner. In states where the personal property floater is permitted (not Pennsylvania) this photograph is also an argument for the all-risks protection on the contents.—Acme photo.

merce, rather than exempt a great business from the law?"

"You may be doing injury to countless thousands of people," replied Russell. He said that much of his life's savings were put into insurance companies and when asked why, if dissatisfied with the management of the insurance business, he said "I am not dissatisfied."

Summers told the rules committee the pending bill would not affect cases in the Supreme Court. In reply Russell forecast that if the bill becomes law before the court passes upon these cases, they would be dismissed by the court on the ground that there would be no law against the offenses charged. "Are you going to convict men of criminal acts there when there is no law against acts committed?" he suggested. "I agree with your position," said Cox.

The American Way

"If the Department of Justice is right, let them have their day in court," said Russell. "That is the American way. If they are not right when they go before that tribunal they will stand to fall."

Sabath referred to business done in this country by foreign insurance companies. When it was estimated that there are 65,000,000 life policy holders, Fish remarked "there must be 100,000,000 in fire."

Russell predicted that "if this special interest can get immunity" it would be impossible to tell how far the effect would be upon other special groups seeking relief. He stated he wanted the insurance companies to make a profit, to protect their policy holders. "It is the greatest business in the world," he added.

"They have great power," Sabath declared.

NOT POLITICAL BILL

Rep. Hancock, New York, spoke briefly in support of the request for a rule on his bill. Denying there was politics behind it, he pointed out it was introduced also by Rep. Walter, also that both the Republican and Democratic national platforms declared for state regulation of insurance.

"They did not recommend exemption from the anti-trust laws," remarked Clark.

"It's tantamount to the same thing," answered Hancock, and called attention that the governors or insurance commissioners of every state endorsed the bill. "We are not changing the law," he declared, but trying to maintain it.

"If we don't do anything with this bill we don't change anything," suggested Sabath.

Proscribed As Criminals

If the court should "change the law," Hancock declared, there would be a serious situation. The companies would be "proscribed as criminals for maintaining non-competitive rates," he added. The states require rate fixing by bureaus. Insurance is different from other business; it is not a commodity, Hancock pointed out.

"Do Americans pay 15 or 20% more for insurance than in other countries?" Sabath asked.

"Insurance rates are based on experience over a period of years," said Hancock. "That is why we have these rating bureaus."

Cox brought out that the judiciary committee vote was 17 to 4 in favor of reporting the insurance bill.

"If the legislation is not passed and if the court reverses present holdings and determines insurance is interstate commerce," said Rep. Michener, "then the federal government would naturally come to control regulation of insurance, which would be made uniform throughout the country. If this were carried out as along other lines there would be set up an agency in Washington similar to the state agencies. It would have to make estimates of rates to be charged in the states just as the Interstate Com-

merce Commission regulates interstate freight rates."

"That is right," agreed Hancock. "Rates would have to be uniform." He recalled that when the Sherman anti-trust act was under consideration for passage it was stated in the Senate that insurance was not interstate commerce.

Fish suggested that was a declaration of legislative intent of Congress.

"Is there any doubt the Supreme Court may decide for the government?" asked Michener.

Decent Way

"There is danger," said Hancock. He stated companies are being prosecuted for maintaining uniform rates and obeying state laws. "If the government wanted to reverse settled law," he demanded, "why did not they do it in a decent way, through injunction proceedings? If the court holds insurance is commerce, then it lies in the power of Congress to set up a vast bureau." He said an amendment had been suggested to make the bill apply only to future cases, but pointed out that one Congress could not bind another Congress.

"If this should become law before a decision is reached the court could not render judgment," said Clark. "Would that be true as to all acts up to now? A long line of decisions seem to protect the insurance companies."

"Yes," Hancock agreed.

Rep. Gwynne, Iowa, expressed the hope a rule would be granted. In spite of the public policy adopted and the court decisions, he said, "the attorney general claims insurance is interstate commerce. We are here to reaffirm the policy Congress has heretofore pronounced that insurance is not interstate commerce."

"Have you heard of any mass demand of the people to change that policy?" Fish asked.

No Mass Demand of People

"No. It is the duty of the court to interpret the law, not to determine policy."

"This act would not bind the court, but it should have a persuasive effect," remarked Cox.

"If we think insurance should be regulated by the federal government Congress should pass special legislation," said Gwynne.

"There is some question in my mind as to the power of the states effectively to regulate large insurance companies, as a practical matter," remarked Clark. "The insurance companies proceed on the theory of 'divide and conquer.'" He suggested Congress might "pass a law giving the companies what they want, provided they comply with state laws."

This suggestion was not taken up publicly by the rules committee. When the hearing recessed last week it was with the understanding that no further proceeding before the rules committee was scheduled until after the holidays.

Claim Men Still Busy Despite Auto Accident Drop

Despite the reduction in automobile accidents claim men are still busy as in most cases there are policies in force so that although the claim frequency is down the actual number of claims has not been noticeably reduced.

Higher earnings and living costs are being reflected in verdicts but not in settlements. With the increase in employment there are fewer small claims of the \$25 variety as people don't seem to want to take the time to fool around with them.

With many persons involved in suits now in armed forces litigation is slowed down but in most cases this is not disadvantageous to the companies. However, it is necessary to keep a constant eye on witnesses who may go into service.

Sell disability with "Seven Good Reasons Why" folder. Get samples from The A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, Ohio.

Army Ordnance Insurance Unit Makes Fine Record

WASHINGTON—The new Army ordnance contract projects commenced during 1943 are considerably fewer than in either of the preceding two years. The insurance phase of the Army ordnance program has not been materially affected, however, as the program is one of constant change due to the development of new weapons, new and improved manufacturing methods, and changing needs in production quantities of materials of war.

The entire Army ordnance insurance program is administered by the insurance unit of the Office of the Chief of Ordnance. The unit is headed by George H. Ort, a member of the New York bar and a former underwriter for the Employers group in New York since his graduation from Rutgers University. Assisting Mr. Ort is Joseph P. Kessler, formerly with Jensen & Kessler agency in Los Angeles, and later associated with Hartford Accident, Fidelity & Casualty and Manufacturers Casualty. The third member of the unit is Edward F. Kenealy, formerly with Cornwall & Stevens of New York.

The ordnance insurance unit was created a little more than two years ago and has made important contributions to the development of the Army insurance program. Among such are the boiler inspection service contract, utilized by many ordnance contractors, and the hospital and medical plan which included the prescription of standard first-aid hospital design for various types of ordnance facilities and a guide plan for the staffing, equipping and management of the medical facilities. It has also been instrumental in developing the War Department's policy on property insurance and in bringing about a program of voluntary compensation benefits for occupational diseases.

Formerly associated with this unit were L. F. Beck, who was chief of the insurance division of the Navy Department but who is now vice-president of Pennsylvania Casualty, and G. E. Libby, now in charge of the casualty insurance activities of the War Shipping Administration.

Works With Small Staff

An important feature of this unit has been that it has maintained its personnel at a small number notwithstanding the scope of its activity and responsibility. The sphere of ordnance contracting is nation-wide and the premiums, computed on a normal basis, for all types of insurance maintained by ordnance cost-plus-a-fixed-fee contractors alone, amount to millions of dollars annually. The supervision of the purchase of this amount of insurance, embracing in its forms workmen's compensation, public bodily injury and property damage liability, automobile bodily injury and property damage, fidelity and forgery bonds, various forms of group insurance and other miscellaneous forms is an activity of considerable magnitude. Of like magnitude is the task of making certain that policies are adjusted as to coverage, rate and classifications to meet the constantly changing exposures, and to conform to the many contractual changes that are inherent in a manufacturing program that must keep even ahead of the needs of the fighting men. Except for stenographic personnel, the ordnance insurance unit has performed this job with a maximum personnel of four men.

It has been the policy of this unit to utilize to the fullest extent the services of insurance agents and brokers, either in their capacities as insurance advisers under the advisory contract form which is a feature of the comprehensive rating plan for war projects insurance, or in their independent relationships to manufacturers under government contract. These agents and brokers have responded wholeheartedly to every request for assistance and service, and are to an important degree responsible for

the smooth functioning of insurance matters on ordnance contracts.

Normal loss ratios on ordnance projects, even of the most hazardous character, are phenomenally low. It is reported that ratios of from 6% to 20% are representative of the majority of projects and that there are now projects of sufficient size that their loss ratios would not be materially affected by an individual injury, where the normal loss ratio is in any of the higher brackets.

Representatives of the ordnance insurance unit state that all who have contributed to this record, contractor, agent, carrier, workmen, and government safety officers, have best reason to be proud of this record.

Md. and Del. OK N. Y. 1943 Policy

The Maryland department has approved the 1943 New York standard fire policy for use after March 1. The department will not object if companies desire to use up existing stocks of policies and give the assured the coverage of the 1943 standard policy provided the specified form of endorsement to that effect is attached. The National Board has recommended that member companies interpret policies on Maryland property and having an inception date prior to March 1, 1944, in respect to any loss occurring later than noon of that date, as if an endorsement were attached permitting the insured to elect the new or the old policy.

The Delaware department has approved the new policy for immediate use. Existing stocks of policies may be used up by a specified endorsement providing that the terms and conditions of the 1943 New York standard policy will apply. The National Board recommends that on policies having an inception date prior to Jan. 1, 1944, in respect to losses occurring, after noon of that date the policy be interpreted as if an endorsement had been attached giving the insured the option of either the old or the new policy's coverage.

Limit of Liability Issue on Jewelry Lost in Vault

The California district court of appeals, third district, affirms the lower court in Providence Washington vs. Hotel Maryville. This involves jewelry lost from a hotel vault. The company sought to recover the value of jewelry owned by its insured, whose agent had taken it with him on a selling trip. The jewelry was contained in two sample valises which were lost while the agent was a guest at the hotel. The evidence showed that when he arrived at the hotel he gave the cases to the bell boy who asked him if he desired to place the bags in the vault. Upon being advised in the affirmative, the bell boy gave him two brass checks which were similar to ordinary baggage checks. The following morning the cases were missing.

The Providence Washington contended that the agent met the conditions of the statute limiting liability of a hotel owner keeping a safe to \$250 unless he gave a receipt in writing in that he deposited his cases to be placed in the safe and that he received a "receipt in writing."

The lower court allowed plaintiff \$50 for each valise, on the ground that the case came under another statute limiting liability to \$50 for ordinary depository for hire. On appeal the higher court declared that the agent's conduct did not impose liability by imparting knowledge to the hotel that the bags were of special value. The agent was not entitled to rely on the appearance of his cases to inform the hotel that they contained jewels, the court said. The court also decided that the brass checks were not receipts in writing under the meaning of the code. The judgment was affirmed.

EDITORIAL COMMENT

Retaliation with a Vengeance

The action of the Ohio department in issuing an order to New Jersey fire and marine companies requiring them to show cause why they should not be prohibited from writing the personal property floater in Ohio is an application of the retaliatory law with a vengeance. The department takes the position that since the writing of the PPF is not permitted in New Jersey, hence the Ohio insurers may not write that contract in New Jersey, and companies from the eastern state may not write the PPF in Ohio. Just why the Ohio department singled out New Jersey is not clear. There are other states, including New York, in which the personal property floater may not be sold.

Giving the retaliation law this type of application was not originated by the Ohio department, however. Just recently acting on an opinion of the attorney general, the Pennsylvania department held that an Ohio company could not write workmen's compensation insurance in Pennsylvania because Ohio has a state compensation monopoly and hence a Pennsylvania company is not permitted to write workmen's compensation insurance in Ohio.

This type of retaliation introduces a dangerous principle. Overzealous enforcement of the retaliation provision could produce a balkanization of the states insofar as insurance is concerned that would foul the system of state supervision. Retaliation has ugly potentialities.

The fact that a state may retaliate does, we suppose, serve the purpose of protecting companies domiciled in one

state from being saddled with extreme and unusual burdens in another state but it is a power we are convinced that should be reserved for cases of rare provocation. Superintendent Crabbe of Ohio is a reasonable and well informed administrator and perhaps the New Jersey department has done something to raise his blood pressure beyond the boiling point. He is not a man to act capriciously. We have a hunch that the row will somehow be patched up without the New Jersey companies being subjected to such a severe penalty as being compelled to discontinue writing the personal property floater in Ohio. But the fact that such an issue has thus been raised in Pennsylvania and Ohio is disquieting.

In the past retaliation has been invoked mainly in respect of taxes, license fees and conditions surrounding non-resident brokerage operations. Pennsylvania and Ohio authorities, however, have extended the theory into a new and potentially explosive area. They say that if the laws or departmental rulings of a certain state are such as to remove underwriting opportunities that may exist in another state, then companies domiciled in the state where such restrictions exist may not insure in that field in the other states. The application of such a theory could very shortly produce animus between the states that would engender a battle royal and that would create deplorable underwriting conditions. We don't anticipate that this situation will get out of hand but the insurance commissioners are playing with a very dangerous weapon. It is a menace to state supervision.

Education for Critics of Insurance

Some of the critics of the fire insurance companies have referred to the 1942 figures of \$1,000,000,000 in premiums and \$400,000,000 in losses as indicating that the insurers make an enormous profit out of the business. In view of this inclination, deliberate or because of misunderstanding, to belittle the portion of premium which goes for expense, it is significant to read the story of the federal crop insurance program.

Here the federal government itself has been in the insurance business for five years, and those in charge of the agency's operations have sought unsuccessfully to bring premiums up to the level of losses. While they have missed this goal by a very substantial amount,

in making their plea for continuance of the program before a Senate committee, they emphasize with great earnestness that they have been diligently seeking to attain such a goal. They revealed that in doing so they face very real problems. The problems are the kind met by any insurer, including a fire insurance company. It would be enlightening to those critics who keep pointing to losses as the only outgo of insurance to read some of the painful experiences the government, which they would like to see in control of insurance, has had in its efforts to solve its own every day underwriting problems.

The witnesses from the Federal Crop Insurance Corporation who appeared

before the Senate committee did not emphasize that administrative expenses of the corporation, which are considerable, are met by the taxpayer. In 1942 these totaled \$6,981,000; losses on wheat were \$12,198,759 and cotton \$11,018,435, a total of more than \$30,000,000. Premiums for 1942 were \$8,448,897 on wheat and \$6,302,823 on cotton, the total operations reflecting outgo of more than twice income. Compared with premiums, the FCIC's expense of doing business was almost 50% without competition, field men, reports to states or taxes. The program was admittedly experimental in its early stages, but this is the record for the fourth year.

Practical underwriters of the private companies can sympathize with the discovery of the government insurance corporation that there was a lot of adverse selection against it by farmers who could tell from moisture conditions preceding the final date on which they could insure whether they were going to have a good yield. If not, they would insure. The

corporation devised the three year contract to offset this. Some farmers, it learned, would abandon poor crops or badly damaged ones and accept payment for the total loss even though considerable salvage was possible. The corporation had decided to insert a provision in the contract which would enable it to deduct any "salvage" in the way of crops before the loss was paid.

Asked why the corporation did not perform all of its functions from Washington, thus saving on expenses, corporation officials said regional offices were necessary "to give the farmer very good service" on losses. Hence the corporation has two offices in the wheat region and two in the cotton area, located centrally with ready access to mail and rail service "so that checks can be gotten to the farmer as quickly as possible."

Senator O'Mahoney, Representative Celler and others could learn a great deal from the record of the government's own venture into insurance, if they studied it.

The Harolds Predominate

In the announcement regarding the changes in the Royal-Liverpool group, it seems significant that three "Harolds" figure conspicuously. Harold Warner, who has been United States manager, became U. S. attorney. Harold T. Cartledge, deputy U. S. manager,

retires from service on a very liberal pension. Harold C. Conick, who has been assistant manager, becomes United States manager. At this Christmas-time the insurance fraternity joins in best wishes to these three "Harolds." They are a mighty triumvirate.

PERSONAL SIDE OF THE BUSINESS

Doyle Colvert of the Campbell, Malory & Colvert agency of Aetna Casualty in Little Rock has been named treasurer of the Arkansas Sales Executive Council.

Gold medals were presented to Col. Harry C. Fry, Jr., of Logue Bros. & Co., J. K. Robb of the Oakdale Insurance Agency, and Robert L. Wickline, all of Pittsburgh, in recognition of their 25th anniversaries with American Eagle, Continental and Fidelity-Phenix respectively. The presentation was made by Wilmot W. Johnston, Pittsburgh manager of America Fore. A welcome into the "old guard" was extended in personal letters of congratulations from Bernard M. Culver, president of the three companies.

Maj. Kenneth H. Bair of Greensburg, Pa., former president National Association of Insurance Agents, who has been located at Albuquerque, N. M., has been transferred to Lincoln, Neb.

J. L. Mylod, New York, assistant U. S. manager of North British, was in Chicago this week.

C. R. Tuttle, retired western general manager of the North America, who lives at the Webster Hotel in Chicago, did not stray from his abiding place during the summer and will remain there during the winter. Usually he has gone to Maine in the summer and Los Angeles in the winter. Mr. Tuttle goes to the Union League Club about once

a week to take lunch at the Round Table there to hobnob with his old time insurance friends.

He was associated with the Continental in its western department for 25 years, becoming its manager. Then he became western manager of the North America and served that company for 25 years.

E. M. Schoen of Waukegan, Ill., retired western manager of Atlas, is leaving Jan. 1 for a visit of a month or so in Mexico. He made the same trip a year ago and started some research at the pyramids which he now desires to carry forward.

Dwight R. Peel, Kentucky supervisor of fire prevention and rates and assistant director of insurance for two years, has resigned and plans to devote his time to his agency at Benton, which Mrs. Peel has been managing. Commissioner Goodpaster resigned last week following election of Republican Governor Willis.

Roy A. Duffus of the James Johnston agency, Rochester, N. Y., is teaching public speaking to war plant foremen in evening classes at the University of Rochester.

A. B. Smillie, Cook county manager of Travelers Fire, was pleasantly surprised recently when he saw pictures of his daughter-in-law, Mrs. W. B. Smillie, and his grandson, Baxter, in "Life"

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SAN FRANCISCO 4, CAL.—507-S-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Resident Manager. Miss A. V. Bowyer, Pacific Coast Editor.

magazine. The "Life" pictures and story tell how the wives of three service men have pooled their resources for the duration, rented a \$75 a month Bay-side, L. I., apartment, and are managing on their husband's income without going home to mother or getting jobs. Mrs. Smillie's husband and William Swartman, the husband of another of the women, are both ensigns in the merchant marine, and both are former field assistants for Travelers, Mr. Smillie in St. Louis and Mr. Swartman in Newark. Each has a son. The third woman, Mrs. Robert J. Donovan, is the wife of a New York newspaperman. The story just appeared in the New York and later in the Hartford newspapers.

Floyd E. Brown, president Cashman, Evans & Brown agency of Denver and vice-president of both the Denver Association of Insurance Agents and the Colorado Association of Insurance Agents, has been pinch hitting as magician in the Modernistic Mysteries act in Broadway Scandals at Denver's Tabor theater. Mr. Brown, who is a magician of marked ability, has entertained soldiers at Fitzsimons General Hospital in Denver on several occasions recently.

Alex H. Case of Marion, Kan., continues the very delightful custom inaugurated by his father of synchronizing a Christmas morning toast so that all can be made at the same time. The sentiment selected this year is as follows:

Here's to those whose loving hearts
Shed light and joy about them!
Thanks be to them for countless gems
We ne'er had known without them.
O! this should be a happy world
To all who may partake it;
The fault's our own if it is not—
This life is what we make it.

The time selected is 11 o'clock central war time and those outside of that zone can arrange their time accordingly so that throughout the country the toast will be expressed and drunk. Mr. Case personally sends a letter to a large number of people. Hence the Christmas spirit reigns in many hearts that beat in unison.

Jay W. Weeks of Weeks & Jackson, managers of Home in Minnesota, is recovering from an extended illness that has kept him at home. He and Mrs. Weeks are planning a vacation trip before he resumes active work.

DEATHS

Friends of the late Otto E. Greely have been apprised of the death of his widow, who resided in Florida. Mr. Greely in his palmy years was one of the great field men of Minnesota, being state agent of the old Phenix and Fidelity-Phenix. Later he became secretary and manager of Calumet of Chicago. He was one of the leading members of the Fire Underwriters Association of the Northwest.

Louis Hawes, secretary local board at Rochester, N. Y., and Mrs. Hawes are bereaved by the death of their 19-year old son, Robert B. Hawes. The young man died after an illness of four months. He was taken ill while attending Mechanics Institute. There are three other boys in the family, Private Gordon W. Hawes of the army, who is stationed at Charleston, S. C.; Pfc. Richard E. Hawes, Camp Shelby, Miss., and Louis Hawes, Jr., of Rochester.

Charles F. Christy, former prominent Des Moines local agent, died at his home there following three years' illness. He lived in Des Moines 58 years and headed his agency for 17 years until his retirement three years ago because of ill health.

Apparently victim of a heart attack, Harry T. Hall, 60, North Carolina special agent for the B. P. Carter general agency of Richmond, was found dead in a hotel at Albermarle, N. C. He had been supervising North Carolina for the



"NO LUCK, DEAR—I CALLED OUR INSURANCE AGENT AND HE SAID, 'THE POLICY STATES VERY SPECIFICALLY WHAT CONSTITUTES AN ACCIDENT'"

Carter agency for 12 years. Early in his career he was special agent of the S.E.U.A., traveling out of Atlanta. Later, he was special agent in North Carolina for Atlantic Fire of Raleigh and Liverpool & London & Globe.

R. P. Littlejohn, 92, a resident of Marshall, Tex., for years, died there after a brief illness. He bought the agency which his father established in 1881 and was active in the agency up to the time of his illness.

Julius F. Ritter, 66, an executive of Chris. Schroeder & Son, Milwaukee agency, for 30 years, died at his home after an illness of six months.

George W. Clinton, a partner in the George D. Capen & Co. agency, St. Louis, died there after an illness of three weeks. He was a direct descendant of DeWitt Clinton, an early governor of New York. He had been with the Capen agency 28 years and was made a member of the firm 18 years ago.

Edward T. Lyons, 75, for many years a fire company executive in the midwest, died at the home of his son, Edward T. Lyons, Jr., in Lansing, Mich. Some 35 years ago he was one of a group that founded Columbian Fire of Indianapolis, later merged with Columbian National Fire of Detroit, afterward moved to Lansing. From 1923 to 1930 he was secretary-treasurer and general manager of Columbian National. When it was purchased by Monarch Fire, he was vice-president of the Monarch, remaining there until 1941, when he returned to Lansing to live with his son.

John C. Newton, 67, since 1923 associated with the Fred W. Smith agency, Toledo, O., formerly city safety director and Lucas county sheriff, died from a heart ailment.

Peter J. Kranz, 77, founder of the P. J. Kranz Co., Toledo, O., agency, died there after a year's illness. He was active in the Toledo Association of Insurance Agents.

Charles T. Monk, veteran local agent of Philadelphia, died at the home of his daughter, Mrs. Charles F. Wildermuth at the age of 72. He had been in the insurance business 57 years. As head of Charles T. Monk & Co. he had been active in the business until seven months ago when he became ill. He was for-

Social Security Here to Stay, Holmes, Mont., Says

BOZEMAN, MONT.—Reactions in lawmaking bodies to popular demand for extension of social services and benefits, including insurance, cannot be dismissed as mere political expediency, Commissioner Holmes said in an address at the annual convention of the Montana Farm Bureau Federation.

"It must be conceded," Mr. Holmes said, "that there is a growing tendency in our country and elsewhere to extend governmental social service into the field of insurance. Old age and retirement benefits, unemployment insurance, social security and war risk insurance are but some of the manifestations.

"They are not merely political expedients. They are legislative responses to a growing social consciousness. They are here to stay, and no political party will jeopardize its existence by proposing to abolish them.

Problem Can't Be Ignored

"Furthermore, the unprecedented growth of insurance business during the very period of these innovations is sufficient to allay any apprehension on this score. But the very success of these governmental experiments creates a problem which private insurance business cannot ignore. Some of this emanates from unsound social thinking or springs from political expediency. But much of it arises from a broad public sentiment, based either on discontent with the cost or character of private insurance, protection or upon an overweening desire nourished by governmental benefits either received or anticipated. Insurance leadership would be blind and stupid not to recognize and carefully appraise these growing social tendencies."

merly president of the Philadelphia Insurance Agents Association.

Lieut. Cmdr. Francis W. Shoemaker, U. S. N., retired, who had been affiliated with the brokerage firm of French & St. Clair of San Francisco for the past 15 years, died at the age of 63. He was associated with several companies before joining French & St. Clair.

Convention Dates

Jan. 5, Farm Underwriters Association, Chicago.

Jan. 11-12, National Association of Accident & Health Underwriters, winter meeting, Des Moines, Hotel Fort Des Moines.

Jan. 19, West Virginia Fire Underwriters Association, Huntington, Hotel Prichard.

Jan. 24, National Association of Surety Bond Producers, Chicago, Palmer House.

April 19-21, Insurance Accounting & Statistical Association, Omaha, Hotel Fontenelle.

May 16-18, Health & Accident Underwriters Conference, Chicago, Edgewater Beach Hotel.

May 16, Oklahoma Agents, Oklahoma City.

June 14-17, National Association of Insurance Commissioners, Chicago, Edgewater Beach.

Windstorm Rate Relief Asked at Texas Hearing

(CONTINUED FROM PAGE 1)

deductibles and that if the board grants it, it will be for just a short period, and because it is necessary now.

Col. William Thompson of Dallas said that hail inland and wind on the seacoast have evened the hazard and recommended the 10 year base. He said the loss ratio for the last 10 years, excluding 1943 and its hurricane, was 67%. He also pointed out that the board should adjust the rates to put the extra premium on the costly classes, principally on dwellings and farm.

He opposed the deductible and pointed out that one of \$100 would deny most dwelling house owners any insurance and that this would cause unfavorable repercussions on the ground that they had paid for insurance and then could not collect. He said the public in Florida did not like deductibles. He recommended that if one is necessary that it not be applied inland.

Now Is "Maintenance Policy"

W. H. Shook of Dallas described the present tornado policy as a maintenance policy and recommended the deductible. He said the board could not make an adequate rate to cover the present contract. He said the deductible is needed to cover antecedent damages.

Mr. Todd asked for an increase inland without deductible and also opposed the \$100 figure. He suggested \$50 and that it not be mandatory.

Mr. Gibbs said that the public is becoming rate procedure conscious and that a great many employers are taking an interest in the composition of workmen's compensation and fire rates. He pointed to the fact that the whole country has the question of insurance before it because of the Washington legislation and that the business must solve the problem of expenses and what should be used and what should not be used for rate making purposes.

Must Show Rates Reasonable

The question is how the business can control these elements so that they may be recognized as reasonable, Mr. Hall added. The board is frequently asked by members of the public to explain the commission factor, he said. The public wants to be assured that all elements in the rate are reasonable.

"Avoid Accidents" Sign Falls, Injures Soldier

TULLAHOMA, TENN.—A sign which told of the number of days since there had been an accident at William Northern Air Field, and warning, "Help Avoid Accidents," while being erected by a sign painter, fell and struck a soldier on the head, knocking him cold. However, the injury resulted only in an ugly knot on his head.

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Employing of War Scarred Raises 2nd Injury Questions

Workmen's Compensation Problems Are Involved in Situation

Casualty companies, through their workmen's compensation operations, are bound to be drawn into discussions that will unfortunately become more extensive, of employment of wounded and partially disabled war veterans. A few weeks ago a Boston columnist ran a lengthy, maladroit article on this subject, in which he, by a false assumption, put the insurance companies in a very bad light. He was assuming that insurance company doctors examine applicants for jobs at plants which they insure and that these doctors were rejecting wounded or otherwise disabled war veterans.

The fact of the matter is, of course, that these preemployment examinations are conducted exclusively by the employer. The workmen's compensation system and the insurance companies and state funds for that matter do and will continue to have an influence on employment conditions but it is important from a public relations standpoint to let the public know the exact area of that influence. There are other and perhaps even more potent influences such as pension plans and group insurance and safety of co-workers.

Employer's Position Stated

Insofar as the workmen's compensation angle is concerned, employers in the past had perhaps avoided taking on physically handicapped workers on the theory that they would be more accident prone and should they suffer an accident it would probably be more disabling than a similar accident to an able bodied person. If that assumption were correct, they had reason to fear that their claim experience might be such as to increase their compensation cost or even to make it difficult for them to get cover. Perhaps occasionally insurance company or state fund representatives have counseled employers against hiring physically disabled persons.

Fortunately during this war production period when medical regulations surrounding employment are virtually suspended, industry has had an opportunity to get a lot of practical experience with workers that are physically handicapped. And, according to informed reports, the accident frequency among such persons is about 5% better than among the able bodied workers. Such persons, it is found, are likely to be more careful in their movements than the others. If their disability is due to an accident in the past, they have learned the importance of safety precautions the hard way. Moreover such persons on the whole are good workers. They are grateful for the opportunity that has been given to them and they are eager to make good. They concentrate on their tasks and the absentee problem is not as acute with them as with the able bodied.

Possible Asset

This successful experience with the physically disabled should cause employers to look upon a disabled war veteran as a possible asset rather than as

Sale of Illinois Bankers Life Stock Is Delayed

The sale of stock of Illinois Bankers Life did not take place in the court of Circuit Judge Miner in Chicago, Tuesday, as scheduled, because on the previous day the Illinois appellate court had issued two supersedeas orders staying execution of Judge Miner's decree of sale. Instead of a sale, Judge William Brothers, acting for Judge Miner, entered an order continuing generally the time of sale pending disposition of the appeal.

The appellate court issued two orders of supersedeas, one in behalf of the Hugh T. Martin estate which is owner of 1,600 shares of the stock which is now represented by Attorney E. A. Zimmerman and the other in behalf of the A. W. Sawyer estate, owner of 400 shares and represented by Attorney Leslie Vogel. Judge Miner had fixed the amount of the appeal bond for the Martin estate at \$400,000 and that for the Sawyer estate at \$100,000, but the appellate court set each of the bonds at \$5,000. The Martin bond was issued by Maryland Casualty and the Sawyer bond by Columbia Casualty.

Motions in Circuit Court

Prior to going before the appellate court, Mr. Zimmerman made a motion before Judge Miner for a stay of judgment and also presented a petition for a compromised judgment under which the Martin estate would receive one-third of the proceeds of the sale of stock net and not less than \$500,000 in any event but Judge Miner denied both of these.

The appellate court supersedeas order for the Sawyer estate is broader than that for the Martin estate and Attorney Charles O. Rundall, who was appointed as a special commissioner by the court to supervise the sale, expressed some concern as to how his position is thereby affected.

Broderick Is on Hand

Attorneys were present representing various prospective buyers. David F. Broderick of Detroit, chairman of Dearborn National, the fire insurance company, president of Dearborn National Casualty, and head of D. F. Broderick & Co., was in court accompanied by Attorney Ferre Watkins of Chicago. Mr. Broderick has been considering the possibility of submitting a bid.

It is understood that the appellate court will move this case ahead so as to give a decision as soon as possible. Of course the possibility remains of a further appeal to the state supreme court.

one whom the employer has a patriotic obligation to hire. It may likewise cause the insurance companies to look upon these men as a good deal less of an underwriting problem.

This would be the opportune time for states which do not have such a system to investigate the second injury fund program.

Provision for second injuries varies greatly among the states. In 19 states there is the broad provision that if there has been a previous injury and a second injury produces permanent total disability, the employee shall receive permanent total disability benefits. From his employer and his employer's insurance company he shall receive compensation for the second injury only and the difference comes from a state fund, which is usually created by payments by insurers and self-insurers in no dependency death cases.

In 15 states there are a variety of provisions, many of them ambiguous, but with no state fund. In 10 states there are no statutory provisions as to

Employees Have Greater Voice in Group Cover

Although there appears to be a tendency on the part of labor unions and employee groups to exert an influence on group insurance arrangements, a number of group insurance specialists say that there is less of a tendency or desire on the part of the unions either to form underwriting corporations of their own or to seek to take the place of the employer as the contracting party. The union people want to have a voice in the group insurance arrangements and they are being consulted to an increasing extent.

There have been some recent cases in which the employers in a certain industry, through an association, have agreed to provide group insurance on a stipulated basis, as part of their contract with the union. Insurance companies are increasingly getting inquiries from unions as to whether this or that company has opened up the question of group insurance or whether any figures have been submitted to them.

Arrangement Is Unsatisfactory

There was a time when unions were seeking to become the contracting party, but there have been developments that have made such an arrangement unsatisfactory. If the union is the contracting party and the employer is not contributing to the cost, then the unions have to look to the dividend from the insurance company to keep the cost to the employee down to what it would be if the employer were the contracting party and were making a contribution to the premium. Particularly if accident and sickness and hospitalization insurance is carried, the dividends are disappointingly small, from the union and employee standpoint. The loss experience in group insurance under these coverages has increased very sharply and in a number of cases the losses are exceeding 100% of the premium. Group insurance people expect that there will be a rate increase in these lines next year. They point out that already in Canada there has been an increase in rates of about 15%. Moreover the employees become conscious of the fact that a great deal of the group insurance today is on an employer-pay-all basis and they may feel that if the union were not the contracting party the group insurance might cost them nothing.

second injuries and in five states there is merely the provision that an employee with a pre-existing impairment shall receive compensation for the second injury only.

Some of the statutes provide that the initial impairment must have been due to an industrial accident which would, of course, exclude injuries suffered in the armed services. Other laws merely specify "injuries," thus excluding congenital impairments. In Wisconsin there is a provision that if there is an original impairment of 5% or more and a second accident produces an additional impairment of 5% or more, the first condition is deducted in calculating benefits.

The problem is one in which the insurance companies are bound to be interested and in the solution of which they can be helpful to the state governments, federal authorities and other agencies that are giving attention to such matters as vocational training, rehabilitation and employment of the men that are scarred by war.

Ohio Licenses Kroger Carrier

Manufacturers & Merchants Indemnity of Cincinnati, organized by the Kroger Grocery & Baking Co., has been licensed by the Ohio department.

How Accountant Aids Fidelity Claim Man, Underwriter

Discovers Methods, Amount of Loss and Means of Prevention, Detection

NEW YORK—How the accountant may be helpful on fidelity bonds to the fidelity claim man and underwriter in ferreting out the modus operandi, amount of loss and means of prevention and detection, was described by T. D. Davidson, T. D. Davidson & Co., accountants, to the Surety Company Claim Men's Forum. He suggested a number of methods for holding down fraud in each phase of business operations, listing five, as follows: Purchasing, selling, receiving money, paying out money and internal transfers.

A good check on applicants will minimize hazards, he said. All employees should be bonded and required to take vacations. Bonding is not a substitute for, but implements accounting control. Without control it is difficult to detect or determine the extent of shortages for recovery under fidelity bonds. Trusted employees require control because they are trusted.

Securities should be in registered form and kept in a vault for safekeeping not accessible to other than an officer or person of high responsibility, excluding cashiers and bookkeepers. Fraud cannot be entirely prevented, but it may be curtailed.

A system is as good as its application. A concentrated variation surprise check is effective, but a perfunctory, detailed check has little value.

What Bookkeeping Is

Bookkeeping is the procedure of systematically recording business transactions. A false recording of transactions is created by errors of omission or commission—intentional or unintentional. He said he was primarily concerned with intentional errors of omission or commission which create fidelity bond claims and unintentional errors to the extent they may affect the determination of the amount of loss. Failure to record transactions are errors of omission and incorrect entries are errors of commission.

Claims generally involve merchandise (the obligee's stock in trade and other property) and cash.

HOW CLAIMS ARISE

Merchandise claims arise in purchasing by accepting inferior materials or improper prices in collusion with others or by physical diversion of goods before or after receipt and in sales by failure to record or invoice, improper pricing, or allowances or adjustments to cover unauthorized dealings. Purchases are frequently short delivered or goods carried off in conspiracy with truckmen. Merchandise may be shipped in collusion with a customer at a price below regular value—or allowances and returns are credited whereas there existed no legitimate basis for credit or no actual return of goods.

Cash claims involve receipts or disbursements. A defaulter may empty the till and abscond, or cover up misappropriations with the hope of restoring the

(CONTINUED ON PAGE 27)

E. C. Stone Makes Unique Broadcast Over a Closed Circuit

E. C. Stone, executive head of the Employers Liability group, spoke for 15 minutes last Friday afternoon from Boston over a closed circuit of the Mutual Broadcasting Company. His message was heard by Employers Liability representatives assembled at the studios of 184 stations throughout the country. He was introduced by Miller McClinck, president of Mutual.

Mr. Stone outlined the extensive radio and magazine advertising program of the Employers group and suggested how agents and brokers might derive the greatest benefit from it. He pointed out that in its advertising Employers features its agents, the Employers' representative in the field being designated as "The man with the plan." This advertising, he said, surveys have demonstrated, is making an impression upon readers and Cedric Foster, whose broadcast Sunday evenings is sponsored by the Employers group, he said, has a great audience throughout the country. Employers provides postcards that agents can send to prospects, recommending that they tune in on Cedric Foster, and Mr. Stone said that these mailings produce results for agents that send out a limited number each week and then follow through with a telephone call or a personal visit.

Avoid Abrupt Approach

Agents, in cold canvass work, he suggested, can avoid an otherwise abrupt approach by asking the prospect whether he has been reading the Employers' advertisements in the magazines or has been listening to the Cedric Foster broadcasts.

Insurance, Mr. Stone declared, is the most human and personal business that there is and Employers is emphasizing that insurance provides freedom from worry over financial loss. It undertakes to clothe insurance with new and warmer garments.

Also Employers is directing its advertising to protecting the American way of life and freedom of opportunity.

At Chicago a group of about 75 assembled in the studio of WGN. Following Mr. Stone's talk, Manager R. L. Haskell made a talk and invited attention to the Employers Liability display that had been set up. Much interest was shown in a policy register that was recently discovered in the storeroom. It began with 1886, which was the year Employers Liability started business in this country.

Starts Post-War Business Survey

BIRMINGHAM—Employers of Alabama has inaugurated "a survey to promote post-war business opportunities." Industrial and commercial concerns are being canvassed to determine what their needs in the way of capital for after-war expansion will be. W. H. Hoover, president, said it was not the purpose of the company itself to lend the money, but "to find out what the requirements are so that financial institutions might be created to fill the particular needs."

Two Iowa Mutuals Merge

DES MOINES—North Central Mutual of Boone has merged with Ace Mutual of Cedar Rapids under the new name of United Mutual.

Present officers of North Central will continue as officers of United Mutual, with Scott McIntyre as president and Fred M. Hagen as secretary. H. E. Lynch of Ace Mutual will become vice-president.

The merger combines two automobile mutuals with total annual premiums of about \$300,000. The combined company will have about 700 licensed agents in the state.

Commissioner Harrington Outlaws Stop Loss Deals in Mass. Called Reinsurance

BOSTON—A foreign insurer having submitted to the Massachusetts department a new policy entitled "Reinsurance Contract for Self Insurance of Workmen's Compensation," which in effect appears to be an aggregate stop-loss contract which is not permitted in Massachusetts, has led Commissioner Harrington to call upon Attorney General Bushnell for an opinion as to the interpretation of the new compensation legislation as to self insurers enacted by the last session of the general court.

Contending that the world "reinsurance" appears to be "used for the purpose of diverting attention from the fact that in reality the contract is a direct reimbursement contract" the commissioner has put up to the attorney general several questions.

The insurer proposes to indemnify the self-insurer against financial loss up to a certain limit but only in excess of a certain designated amount. As an example the application cites an aggregate contract limit of \$100,000, in excess of "reinsured's" retention of 75% of normal premium subject to reinsured's premium retention of \$7,500.

The employer would make direct payments to employees until 75% of the premium computed at the rates established for compensation is exhausted. When the percentage of the normal premium has been expended, the insurer becomes responsible for payment to the employer of the amounts expended.

The attorney general found that this policy, although called a policy of reinsurance is not made between insurers. It does not purport to insure the employer against liability to his employees but it is a contract of indemnity.

The attorney general replied that the contract is void since its issuance is not authorized.

Urges Farmers to Insure

The Ohio Farm Bureau is urging farmers to buy workmen's compensation insurance from the State Fund, taking advantage of the liberalization of the law that was enacted last June. Previously there was a minimum premium of \$28 for each six months period. Now that minimum premium is removed and the cost is 3.9% of the payroll, however small it may be, for the first year and 3% thereafter. The Farm Bureau states that no farmer can afford to run the risk of being without such protection even if he hires labor only occasionally. If three or more persons are employed at any one time a farmer is compelled to carry insurance. If less than three it is optional.

Wyatt to Serve Sentence

Arthur H. Wyatt, who was convicted in the federal court in Indianapolis of using the mail to defraud and violation of the securities and exchange act in connection with manipulation of stock in a holding company which he organized to deal in insurance stocks, has withdrawn his appeal and will begin his four-year sentence in the federal penitentiary at Terre Haute, Ind., Dec. 27.

Two of his salesmen, Berman Kadison and Bernard Franklin of Chicago, will appeal to the U. S. circuit court of appeals. They were sentenced to 18 months each.

Doctors Protest Wagner Bill

BOSTON—The Massachusetts Medical Association has addressed an open letter to Massachusetts congressmen expressing its opposition to the Wagner-Murray-Dingell bill and strongly condemning the government health insurance plan as not providing a sound national health program. The medical associations of all the New England states join with the Massachusetts association in the protest.

Shows Need for Property Damage in Higher Limits

Aetna Casualty presents a case which will illustrate the need for adequate insurance. A 15-year old boy took the family car and with some companions went on a joyride. On the road he suddenly cut in front of a gasoline filled truck which was forced off the highway, hit a traffic light standard and overturned, ruining sidewalks and the parking strip. Some 4,500 gallons of ethyl gasoline burst into flames, which went so high that two five-inch telephone cables were melted as a result, six radio stations and large numbers of telephones were put out of order.

The boy's mother, who owned the car, carried \$5,000 property damage coverage. The oil company put in a claim for its truck and gasoline amounting to \$8,368. The telephone company filed claims for \$3,350. The state asked for \$250 for traffic light damage and the city demanded \$100 for damage to sidewalk and parking strip, altogether \$12,068, not including legal fees and court costs which will be added.

Can't Get Comp. Benefits in 2 States High Court Says

A person awarded compensation benefits in one state is barred, save in exceptional cases, from seeking compensation in another state for the same injury, the U. S. Supreme Court decided Monday. The court stated that the whole tendency of the decisions under the full faith and credit clause is to require a plaintiff to try his whole cause of action and his whole case at one time. It was held that S. H. Hunt of Rosepine, La., was not entitled to recover compensation in Louisiana after an award had been made by the Industrial Accident Board of Texas. He was an employee of the Magnolia Petroleum Company of Dallas. Having chosen to seek his remedy in Texas, where the award was res judicata, the full faith and credit clause precludes him from again seeking a remedy in Louisiana upon the same ground.

Roy Davis Detroit Speaker

DETROIT—Roy L. Davis, manager of the Chicago office of the Association of Casualty & Surety Executives, addressed the December meeting of the Casualty & Surety Executives of Michigan in Detroit, with Karl Preston, manager New Amsterdam Casualty, presiding. About 40 managers heard Mr. Davis outline the current activities of the association and discuss problems of the day in the casualty and surety field.

Fairey, Halyburton Vice-presidents

A. C. Fairey has been elected vice-president in charge of underwriting of the new Carolina Casualty of Burlington, N. C., and R. F. Halyburton becomes vice-president in charge of production.

President P. C. Baylor reported at the first meeting of the directors that premiums written to date amount to \$26,780. He said that organization expenses were exceptionally small. Baylor's Insurance Service, Inc., contributed towards setting up the company without cost. The first policy issued by Carolina Casualty covered the May, McEwen, Kaiser Hosiery Mills, the agent being C. B. Sharpe.

Hoosier Casualty Claim Change

Paul M. Ray has resigned as manager of the accident and health claim department of Hoosier Casualty and is succeeded by Charles E. Ray, who has been with the company more than 17 years, serving at the home office and more recently as manager of the north-eastern Indiana division. He has had extended experience in both automobile and accident and health production and claim departments.

Gives Opinion on Mass. Compensation Amendments

BOSTON—Amendments to Massachusetts workmen's compensation act, passed at the last session of the legislature, exclude "masters of and seamen on vessels engaged in interstate or foreign commerce, persons employed by an express company, sleeping car company or carrier subject to . . . the Interstate Commerce Act, and persons employed by telephone companies, subject to the federal communications act." Attorney-general Bushnell has ruled, in response to an inquiry by the industrial accident board, that all such employees and their employers by implication are excluded from the benefits and burdens of the Massachusetts workmen's compensation act, irrespective of whether their particular work is an activity of intrastate or interstate commerce. Such employees are of course entitled to the benefits of whatever federal acts may be applicable to them respectively. Interstate carriers are not compelled to take out coverage under compensation and are entitled to invoke common law defenses in any suits brought against them.

Mutual Casualty Insurers Eye Veterans' Employment

BOSTON—The National Association of Mutual Casualty Companies and National Association of Automotive Insurance Companies held an informal semi-annual here with executives of about 14 companies on hand. Sessions were held at the home offices of Liberty Mutual and American Mutual Liability.

Reemployment of service men, particularly incapacitated ones, was considered and a program under which mutual casualty companies can cooperate with private groups and the government in properly placing veterans is being evolved. The executives reaffirmed their view that they do not oppose the anti-trust exemption bills in Congress but believe they don't do the whole job.

General Accident Publication

General Accident Association, the organization of employees of that company, has got out a special service men's copy of its publication, "General Outlook." All of the service men receive copies and the paper will be published every two months hereafter.

Great Central Mutual Meeting

Great Central Mutual of Peoria, Ill., writing burglary and theft, held a sales meeting for agents there with President James S. Flanagan; Claude D. Kitchell, general counsel, and Elmo G. Kuecks, secretary-treasurer in charge.

At a luncheon L. W. Roszell, president Peoria Association of Commerce; S. L. Olson, vice-president Commercial Merchants National Bank & Trust Company, and Brig. Gen. L. M. Stacy spoke.

Chicago A. & H. Party Feb. 10

The Chicago Accident & Health Association will hold its annual party Feb. 10. Hamilton Ferguson, Occidental Life, is chairman of the committee in charge.

The Employers Mutuals mixed chorus gave its annual Christmas concert in Wausau, Wis. Proceeds were donated to the Red Cross.

W. F. Marriner, 63, died in New York after 38 years' service as supervisor of accident, health and disability claims for Metropolitan Life.

Jay Earle Miller, 48, one of the leading reporters for the Chicago "Sun" and for six years prior to his connection with the newspaper advertising and publicity manager for Federal Life, died Tuesday in Passavant Hospital in Chicago following an operation.

Win friends by distributing 1944 Income Tax Reduction Records. Write National Underwriter for sample.

N. Y. Federation Elects W. H. Lucas as President

Main Activity of the Year Consisted of State Legislation Questions

NEW YORK—The New York Insurance Federation held its annual meeting in New York City Wednesday of this week. Governor Saltonstall, of Massachusetts, was the only speaker.

W. H. Lucas, Leroy, N. Y., was elected president of the Federation. He is a member of the firm of Ernest Townsend & Son at Leroy. Vice-presidents are F. P. Tucker, Albany; J. L. Tiernon, Jr., Buffalo; Pelham McClellan, Mt. Vernon, and R. E. Consler, Rochester. A. J. Young, Albany, continues as treasurer; E. H. Hunt, Albany, secretary and counsel; Mrs. I. M. Hoyt, Albany, assistant secretary, and L. L. Saunders, Oneida, honorary secretary.

Executive Committee Members

Members of the executive committee are G. R. Michelson, Hall & Henshaw, New York City, chairman; J. R. Garrett, National Casualty, New York City, vice-chairman; W. F. Beyer, vice-president Home; L. T. Brown, secretary Continental; F. N. Dull, vice-president Continental Casualty; R. V. Goodwin, vice-president Fireman's Fund Indemnity; J. L. Heather, vice-president Austin & Company, Albany; A. F. Lawrence, New Amsterdam Casualty, Syracuse; J. E. Lewis, vice-president Aetna Casualty, New York City; Julian Lucas, Jr., Davis, Dorland & Co., New York City; J. J. Magrath, secretary Federal, New York City; Harold McKay, superintendent of agencies Travelers, New York City; E. T. McLaughlin, Jr., executive vice-president New York State Association of Local Agents, Watertown; M. L. Nathanson, Brooklyn; A. G. Oakley, vice-president U. S. F. & G., New York City; E. S. Poole, Albany; S. D. Rosan, New York City; F. D. Russell, president Security Mutual Life, Binghamton; A. J. Smith, New York City; G. E. Spitzmiller, Buffalo; G. F. Sullivan, New York City; T. W. Sweeney, New York City; W. J. Thompson, vice-president Globe Indemnity; H. W. Wadsworth, Aetna Casualty, Syracuse; A. C. Wallace, vice-president Agricultural, Watertown.

Directors Expiring in 1946

Directors with term expiring in 1946 are C. S. Ashley, vice-president Maryland Casualty, New York City; J. E. Buck, Buffalo; R. S. Choate, vice-president American Automobile, New York City; J. A. Cohen, New York City; R. V. Goodwin, New York City; J. R. Lanwig, Albany; A. F. Lawrence, Syracuse; J. E. Lewis, New York City; W. H. Lucas, Leroy; H. J. Mang, Albany; J. J. Magrath, New York City; E. T. McLaughlin, Watertown; G. R. Michelson, New York City; F. P. Tucker, Albany; F. D. Russell, Binghamton; A. J. Smith, New York City; J. L. Tiernon, Jr., Buffalo; A. C. Wallace, Watertown; A. J. Young, Albany.

Secretary Hunt said in his report that the principal matters discussed during the year relating to proposed legislation were changes in the law as to the state fund and the repeal of the section of the financial responsibility law, which assesses the cost of administration on the companies. He referred to the resolution introduced in the state assembly calling for an investigation of fire and casualty rates which was ruled out. He said he understood another such resolu-

Rural Electric Issue Bobs Up in Consumers Cooperative League Arrangement

WASHINGTON—Commenting upon recent testimony of John Carson, of Consumers Cooperative League, before a Senate subcommittee hearing, a spokesman for National Rural Electric Cooperative Association says that since last Aug. 1, the latter organization has had an insurance pooling arrangement for members of the electric co-ops with Employers Mutual Liability of Wisconsin.

Under this arrangement, the association recommends the Wisconsin company to association members and suggests that Employers Mutual representatives contact members of the co-ops, individually. In this way, it was stated, much insurance is being written by the company. Results have been "satisfactory," it was stated.

The spokesman said that before the arrangement was made with the Wisconsin company, a number of insurance companies were contacted and proposals were invited. The Wisconsin arrangement was said to be based upon the best offer received.

It was stated that NRECA several months ago abandoned a plan looking toward organization of its own insurance company.

The Senate agricultural subcommittee investigation of rural electrification doings is regarded by the NRECA spokesman as primarily directed at the Rural Electrification Administration, whereas the latter's spokesman says it concerns the association, not the administration, principally.

tion would be introduced in the forthcoming legislative session.

Governor Saltonstall said that looking to the future the most pressing problem will be that of providing jobs for those returning from the service and for war workers returning to normal occupations. Speaking directly on insurance he said that the business has been carried on for the last 75 years with state regulation. There is now an effort to shift control to the federal government. He said that he is proud of the job that Massachusetts has done in its laws and regulation of insurance. In New York, he said, a similar record of high standard service has been maintained. At times he said the states have been forced to prosecute offenders in the insurance ranks and, he added, they may very well have to do that again. "Do you want the people of your state and the nation generally to have confidence in the way that you run your business?" he asked.

Seek Security of People

He said that it is the responsibility of agents and executives to see to it that laws and regulations are improved for the greater security of the people. If insurance folk seek to place themselves above state regulations, if they attempt to play one state against another, if they discourage improvement through legal controversy, if they lobby legislators against passing just laws and nullify state regulation then the alternative is national regulation. National regulation, he said, will have all the attendant difficulties that have arisen in the last few years. However, he said, the people will demand such regulation if the insurance men themselves do not support in spirit and in fact regulation by the state.

The proper objectives of any governmental control over insurance companies, he said, are few, clear and simple, they being solvency, fair practices and rates and adequate service.

East St. Louis Broker Cited

Timothy E. Dowling, insurance broker of East St. Louis, has been cited to show cause why his Illinois license should not be revoked, at a hearing Jan. 14 on charges of using more than \$148 in automobile insurance premiums paid by his clients for policies in Aetna Casualty.

Liability of Insurer to Pay More Than Cover Calls for

An insurer is interested in whether its conduct will affect its liability to pay more or to do more than it has contracted to do, and also in what it should do to fulfill its contractual obligations, F. J. Baylor, Lincoln, Neb., attorney and active in the Insurance Section of the American Bar Association, said in his talk before the Chicago Casualty Insurance Adjusters Association and the National Association Independent Insurance Adjusters. Mr. Baylor's topic was "Conduct and Liability of an Insurer when the Claim and Judgment Exceeds the Coverage."

The liability of an insurer arises out of its contract which provides that it shall either settle or defend the claim, Mr. Baylor said. If it fails to do either or both, then a tort liability may arise, either from negligence or from bad faith. The courts in more than 50 cases have considered the liability of an insurer as arising from one or both acts or omissions.

Guilty of Bad Faith

An insurer is liable for its failure to settle if it was guilty of bad faith, he said. In *McCoombs vs. Fidelity & Casualty* the policy was for \$5,000, the judgment for \$13,000. Just before the case went to trial, the insurer's attorney, who was defending, was urged by the personal attorney of insured to talk to the attorney for the plaintiff with regard to a settlement, and attorney for the plaintiff stated he would take \$5,000 in settlement. At the trial it was brought out that the attorney for the insurer had told the insured that the insured didn't have a leg to stand on in defense, and that he told the attorney for the plaintiff that the insurer never paid in settlement for full coverage. The courts found the insurer guilty of bad faith in failing to make the settlement and judgment was entered for \$10,000, the amount for which the insurer had been able to settle the case. Other cases have gone further and have said that negligence in failing to settle would create liability under the coverage.

Insurer Held Negligent

In *Douglas vs. U. S. F. & G.*, the policy was for \$5,000, judgment was for \$13,000, and there was an offer to settle for \$1,500. The insurer declined to settle. Judgment was sought by insured against insurer for the difference in amount of the coverage and the amount of the judgment, and the court held there was negligence on the part of insurer in failing, through its adjuster, to inform its attorney of all the facts. The court said that if that attorney had known he facts which the adjuster had he probably would have made the settlement for \$1,500. Consequently the company was held liable.

Holds for Insurer

In *Georgia Casualty vs. Mann*, Mr. Baylor said, the Kentucky court held that the insurer had a right to refuse settlement so long as it was acting in good faith. Consequently there was no liability on the insurer arising from the fact that it did not accept settlement. It seems to follow that an insurer cannot be held liable merely on allegation that it didn't settle. Something more must be added which courts either will hold to be negligence or bad faith. There is a good deal of confusion among courts as to what amounts to bad faith and negligence. In *Hilker vs. Western Automobile*, a Wisconsin case, the court's opinion seems to indicate that the insurer will be held liable above the limits of its policy if it doesn't use reasonable and fair care to protect the interest of assured. Some courts will hold that failure reasonably and fairly to protect the interests and rights of insured amounts to bad faith, and others will call it negligence, but if insurer has failed reasonably and fairly to pro-

tect the rights and interests of insured it will be held liable beyond the coverage, Mr. Baylor said.

When the judgment exceeds the coverage, Mr. Baylor said, the lawyer for the defendant is very unhappy and the home office very jittery. The question immediately arises whether an appeal should be taken. Under the contract the insurer has a right to take an appeal if it wants to do so. If it doesn't, the courts have held that if it is proven that the appeal would have been effective to reduce the amount of the judgment or to reverse it, and damages are proven, then the insurer will be held liable because it didn't make the appeal.

The insurer must appeal if there is any possibility of the amount of judgment being reversed or of the judgment itself being reversed. By appealing the insurance company will obviate the danger of an action being brought against it for damages because it failed to take the appeal.

Mr. Baylor concluded that generally the insurer should appeal any judgment over and above the coverage unless insured will agree that the appeal will not be taken, and if it appears that there is any possibility of the judgment being reduced or being reversed, an insurer should not supersede any judgment which is beyond its coverage. If it does supersede to the amount of its coverage it should be careful that the bond is conditioned so that the surety can become liable only on the judgment and not for the judgment.

N.A.I.A. Safety Booklet Revised to Wartime Trend

A wartime edition of the booklet, "Safety Is Good Business," which has served members of the National Association of Insurance Agents as their guide to accident prevention activities for the past several years, has been published through the cooperation of the National Conservation Bureau, and distributed by the N.A.I.A. to all local boards and state association officers.

Retitled "Safety Is Good Business—More, It Is a Contribution to Victory," the new edition outlines six specific accident prevention projects that can be carried out immediately, either locally or statewide, with confidence of favorable results.

The six projects cover the distribution of safety pamphlets and material, employe transportation publications for management and workers, a traffic safety poster campaign, pre-induction driver education in the schools, safety talks before local groups and the showing of safety films.

Publications, posters, prepared talks, films and slides, and all other material necessary for the conduct of the activities described in the booklet will be available through the National Conservation Bureau.

The booklet is a project of the accident prevention committee, under the chairmanship of Victor G. Henry of Wichita, and will be carried out as an activity of the new committee, the personnel of which has not yet been announced.

Aetna Life First Aid Booklet

An attractive new booklet, "First Aid to the Injured," has been prepared by the safety education department of the Aetna Life companies.

Prepared with the cooperation of the company's medical department, the booklet concisely lists the symptoms of the more common types of injuries and gives brief, easy-to-follow first-aid suggestions. The booklet is printed in pocket size, and the suggestions covered are listed alphabetically for convenience.

WORKMEN'S COMPENSATION

"Comp" Adjusters in N. C. Confer with Commission

RALEIGH, N. C.—North Carolina compensation adjusters held a conference here with the North Carolina industrial commission on compensation administration problems. The parley, attended by 100 adjusters, representing 64 companies, was the first since 1936. Discussion centered around recent industrial commission decisions; 1943 amendments to the compensation act; the importance of impressing upon employers the necessity of prompt reports; the necessity of prompt payment of legitimate claims and the commission's procedure.

J. Dewey Dorsett, former chairman of the N. C. commission and now general manager of the Association of Casualty & Surety Executives, spoke on "Principles of Claims and Management." He urged that all legitimate claims be paid in full promptly and that a frank and friendly attitude be adopted toward claimants.

Provide Best Medical Care

"The best medical and surgical attention should be provided in states whose laws permit the carriers to select the physician and surgeon," Mr. Dorsett declared. "The worker who receives the best medical care thus will be able to return to work more quickly."

Other speakers included: T. A. Wilson, chairman of the N. C. commission, on "General Procedure for Administration;" E. W. Price, secretary, "Procedure for Reporting and Use of Forms;" Commissioners Pat Kimsey and Buren Jurney; H. A. Wood, department of rehabilitation; Dr. W. C. Horton and Insurance Commissioner Hodges.

Kan. O.K.'s 11.8% Reduction

The Kansas department has approved workmen's compensation insurance rate filings that will produce an average reduction of 11.8% from manual, effective Jan. 1.

The reductions are varied. On cement construction, the new rate is \$5.20 compared with the former rate of \$5.85; on flour milling risks, \$1.33 against \$1.58; packing plants, \$1.21 against \$1.43; grain elevators \$1.63 compared with \$1.61 and oil risks \$7.89 against \$9.25.

Decrease of 9.4% in Mo. Rates

Superintendent Scheufler has approved a general revision in workmen's compensation rates, effective Dec. 31, which represents an average 9.4% decrease. This will result in an estimated saving to Missouri employers of approximately \$1,000,000 in 1944.

Rates on 608 classifications were reduced and on 31 increased. They are the same on 31 classifications.

The largest reduction was in painting of steel structures and bridges, from \$28.20 per \$100 to \$21.13.

Hold State Employee Covered

ST. PAUL—The Minnesota industrial commission has been ordered by the state supreme court to award compensation to the widow of one of its own employees. The commission had rejected the claim of Nellie Tillquist, whose husband, a state boiler inspector, died from the results of an accident while at work for the commission.

The commission contended that Tillquist was an appointive state employee with a fixed term of office and hence not subject to the compensation act. The supreme court ruled, however, that he was a state employee, not an officer, and as such entitled to the benefits of the act.

Trade Association Men Discuss Texas Comp. Rate Protest

DALLAS—A heated discussion on workmen's compensation rates developed at the session of the Texas Trade Association Executives here, a few agreeing with the so-called central committee's protest against compensation rates although a majority disapproved of the method and the approach being used.

A. J. Branscom, executive vice-chairman central committee and Ben Mitchell, secretary Texas Employers, presented formal talks on workmen's compensation, following which nearly all the trade association secretaries took part in the discussion. The presiding officer, Porter Whaley, executive secretary Texas Manufacturers Association, credited with being the original promoter of the protest, defended the central committee, and its literature which was classed by other speakers as being "half-truths, unfair and misleading."

George Gibbons, executive vice-president Texas Mid-Continent Oil & Gas Association, suggested that each industry adopt a safety program that would decrease accidents and that the T.T.A.E. urge a reduction of workmen's compensation through fewer claims rather than through an effort to change the laws. He was ably assisted in his arguments by Hugo Swan, Dallas attorney, who represents the dairy industry and the laundrymen of Texas.

Drex G. Foreman, executive secretary Texas Association of Insurance Agents, was elected a director of the Texas Trade Association Executives.

Rules on Ariz. Highway Employees

All employees of the Arizona highway department except those whose salaries exceed \$3,600 a year, must be insured under the state workmen's compensation fund, it was ruled by the Arizona supreme court, in an action brought by the Arizona industrial commission.

Occupational Safety Conference

MINNEAPOLIS—E. P. Kienow, safety engineer of the American Motorists, spoke on improving health conditions in mills and elevators, at a meeting of the Minneapolis Occupational Safety Conference. Catherine Smith, Employers Mutual Liability, talked on women's contribution to the industrial program. Labor's responsibility in preventing accidents in industry was analyzed by John W. Gibson, president Michigan C. I. O. council.

Part of Wis. Act Held Invalid

The Wisconsin supreme court has handed down a decision holding that a subcontractor customarily employing less than three workers is not liable under the state workmen's compensation act for damages resulting from injury to an employee even if the employee was borrowed from the principal contractor who had three or more employees and was governed by the act.

P. W. Poulsen, an employee borrowed from the Welling Construction Co. by Peter and Paul Poulsen, Racine, was injured June 4, 1940, while the Poulsens were doing plastering work for the Welling Co. as a subcontractor. The injured man filed an application with the state industrial commission for benefits under the compensation act. The commission ruled that the Poulsens were not liable for compensation, but that the claimant was entitled to \$2,250 from Ocean Accident as insurer of the Welling Co. Ocean Accident then sued to recover the \$2,250 from the Poulsens, who demurred. The demurrer was sustained in circuit court

and the supreme court upheld the suspension.

The court said that so far as the statute attempts to create a liability against persons not under the act and therefore not entitled to notice or an opportunity to be heard, it is invalid for want of due process. The remainder of the section of the act is not affected.

Welding O. D. Hazard

Excessive inhalation of concentrated fumes from electric arc welding, especially in confined and unventilated spaces, may cause siderosis (iron deposits) in the lungs from six to 10 years, it was reported at the annual meeting of the Industrial Hygiene Foundation in Pittsburgh. The siderosis so produced consists only of inert iron pigment deposits in the lymphatics, without fibrous tissue proliferation and without progressive changes after exposure is materially decreased. Electric welding or siderosis do not predispose to tuberculosis or other lung infection.

Minn. Rates Cut 1.4%

ST. PAUL—Rejecting the proposals of the rating bureau for an increase of .2 of 1%, the Minnesota Compensation Insurance Board has ordered an overall decrease of 1.4% for 1944. The board estimates the reduction will mean a reduction of \$100,000 in premiums in 1944. This is the ninth consecutive cut in compensation rates in Minnesota, for an aggregate of more than 40%.

Sell disability with "Seven Good Reasons Why" folder. Get samples from The A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, Ohio.

ACCIDENT

List More Speakers for National Association Rally

Several additions to the program for the winter meeting of the National Association of Accident & Health Underwriters in Des Moines Jan. 11-12 have been announced.

Speakers Wednesday afternoon, Jan. 12, will be C. F. Harroll, general agent of Inter-Ocean Casualty in Dayton and past president of the Ohio association, on "Selection and Training;" Emerson Davis, general agent of Inter-Ocean in Dallas, "Making the Sale," and H. P. Skoglund, president of North American Life & Casualty, Minneapolis, and chairman of the executive committee of the Health & Accident Underwriters Conference, who will give the closing address.

P. C. Rowland, agency supervisor of Globe Casualty, Columbus, O., will talk on "Prospecting," opening the panel discussion on the various steps in the sale at the Tuesday afternoon session.

Lawyer's Viewpoint Presented

SALT LAKE CITY—At the December meeting of the Utah Accident & Health Club, R. M. Stewart, attorney, spoke on "How a Lawyer Looks at Accident & Health Insurance." He discussed the question from three angles: (1) The insured, (2) the beneficiary, and (3) the legal aspect of an accident and health contract.

Reputable members of the legal profession, he said, discouraged litigation, for the reason that companies are disposed to deal fairly with their policyholders, and according to the terms and conditions of the policy contract. President D. C. Stephens presided, and A. H. Good, program committee chairman, introduced the speaker.

Group Cover in Union Pact

The new union contract between the Solar Manufacturing Company of New York and United Electrical Radio & Machinery Workers of America includes group insurance benefits for the 2,500 employees in the Bayonne and

West New York, N. J., plants. The employer has agreed to pay the premium for the first month of the contract which begins Jan. 1 and thereafter will pay 75%. The group life, accident, sickness and surgical benefits cover is underwritten by John Hancock Mutual while the hospitalization plan was underwritten by the Blue Cross.

Philadelphia Meeting Called Off

Because of the influenza epidemic, the Accident & Health Underwriters Association of Philadelphia called off its December meeting. D. S. Walker, Mutual Benefit Health & Accident, speaks Jan. 11 on "Can We Recruit Today?"

Provident L. & A. Xmas Luncheon

CHATTANOOGA — The annual Christmas luncheon of Provident Life & Accident was held with Bart Leiper, publicity director, as toastmaster and President Robert J. Maclellan as chief speaker. It was pointed out that more than half of the male employees are now in the armed service. There were 275 guests.

Cal. Conference on Aviation A.&H.

LOS ANGELES—Commissioner Garrison called a conference of representatives of the aviation insurance pools, the Surplus Line Brokers Association, Lloyds representatives, and representatives of the insurance department here last week to look into group aviation accident and health coverage. Assistant Commissioner Harold B. Haas of San Francisco presided.

Object of the conference was to reach a definite plan of handling this class of business. No conclusive action was taken, but other conferences are planned.

S. S. Yaudes is agency assistant and M. Piehl, manager of claims department, in Time's new official lineup.

PERSONALS

Lew H. Webb, of Conkling, Price & Webb, Chicago, left for Pasadena this week for his annual winter vacation. He now has two sons living there.

Vice-president J. E. McGuigan of National Automobile is on an eastern trip and will visit the company's branch office in Indianapolis, before returning to Los Angeles about Jan. 5.

Richard L. Spangler, executive vice-president of the Woodmen companies, has been elected a director of the Lincoln chamber of commerce, representing insurance interests. J. W. Kinsinger, general counsel of Midwest Life, was named director at large.

Frank W. Franzen, vice-president of Metropolitan and Commercial Casualty, who underwent an operation in November, is making a good recovery and expects to return to the office about Jan. 3.

About 200 Chicago insurance claim men, industrial doctors and others were guests of Dr. Maxwell Corbett, industrial surgeon, at his fifth annual game dinner.

Travelers Calendar Economizes

The Travelers calendar this year, which again features Currier & Ives prints, embraces several wartime economies. The binding strip was eliminated, thus saving about 10 tons of metal. There are six sheets printed on two sides, instead of 12 sheets on one side. That saves several freight car loads of paper.

Outlines '43 Mich. Changes

GRAND RAPIDS—Russell L. Carr, claims attorney here for Hartford Accident, Tuesday addressed a meeting sponsored by the industrial division of the Grand Rapids Safety Council, outlining 1943 changes in the compensation law.

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ASSOCIATIONS

F. A. Spear Heads Southern Cal. Automobile Conference

LOS ANGELES—The Automobile Conference of Southern California at its annual meeting elected these officers: President, Fred A. Spear, Spear & Co.; vice-president, W. R. Langtry, United Pacific; secretary-treasurer, George T. Conklin, Pacific Indemnity; directors, L. H. Angell, Commercial Standard; W. M. Scott, Canadian Indemnity, and Frank Hill, Pacific Indemnity.

Minneapolis Claim Men Elect

MINNEAPOLIS—The Minneapolis Claim Men's Association has elected these officers: President, Harry A. Miller, Hardware Indemnity; vice-president, S. C. Cowles, Anchor Casualty; secretary, K. L. Lipp, Aetna Casualty; treasurer, Paul Clement, Minnesota Commercial Men's Association.

Goodwin Slated in N. Y.

More than 950 attended the annual Christmas dinner and party of the Casualty & Surety Club of New York. At that time the nominating committee reported. Richard B. Goodwin, Fireman's Fund Indemnity, is recommended for president; William J. Thompson, Globe Indemnity, vice-president; Charles S. Ashley, Maryland Casualty, second vice-president; R. H. Caplan, Fireman's Fund Indemnity, secretary.

Milwaukee Claim Men Organize

MILWAUKEE—The Milwaukee Casualty Insurance Claim Managers Council has been organized and these elected: President, Melvin T. Lee, Lumbermen's Mutual Casualty; vice-president, Arthur

F. Kehoe of the Aetna Casualty; secretary-treasurer, Gordon H. Bear, Hardware Mutual Casualty; executive board, E. E. Langworthy, Travelers, and H. G. Barelman, Employers Mutual.

N. Y. Forum Holds Xmas Dinner

NEW YORK—F. N. Dull, vice-president Continental Casualty, was master of ceremonies at the annual Christmas dinner of the Casualty Underwriters here. At the last business meeting the following were elected: Charles Michel, Fidelity & Casualty, president; Amzi MacLaughlin, Home Indemnity, vice-president, and W. R. Anderson, Accident & Casualty, secretary-treasurer. H. F. Legg, assistant vice-president Fireman's Fund Indemnity, was guest of honor at the dinner.

CHANGES

Globe Ind. Coast Head Retires

LOS ANGELES—Resident Vice-president D. W. Pierce, Sr., of Globe Indemnity, will retire from active service Jan. 1, after 50 years in the insurance business on the Pacific Coast as local agent and company representative and executive. F. A. Rowley, assistant manager of the Los Angeles office succeeds him as manager.

To mark his retirement Mr. Pierce was guest of honor at a dinner tendered by the company with the office personnel and friends attending. President Kenneth Spencer attended.

Mr. Pierce has been in charge of the southern California and Arizona territory since 1932. He started as a local agent in Santa Barbara. After having been local agent, fire special agent, and

assistant manager, Mr. Pierce became a member of the firm of Wheeler Bros. & Pierce in Los Angeles in 1911. This firm became general agents of Globe Indemnity for southern California shortly before the company began business on the Pacific Coast in 1912. From 1928 to 1932 Mr. Pierce was executive vice-president of Pacific American Fire and when that company was reinsured he became an official of Globe Indemnity and also assistant manager of the Pacific Coast department of Liverpool & London & Globe.

Mr. Rowley has served Globe Indemnity and Royal Indemnity in various underwriting and production capacities since 1931 with the exception of a year and a half in the agency business.

Hanna Named in Philadelphia

American Casualty has appointed Samuel F. Hanna as manager of the fidelity and surety department at Philadelphia.

Mr. Hanna is a native of Philadelphia. He has specialized in fidelity and surety business since 1928, and previously was with Indemnity of North America and Massachusetts Bonding.

Johnson to General of Madison

Walker B. Johnson, formerly with Rollins, Burdick, Hunter in Chicago, has become head of the liability and burglary department of General Casualty of Madison, Wis. He replaces Jack Maiken, who has received a commission as lieutenant (j.g.) in the navy, and is now at Harvard University.

Casey Is Md. Casualty Special

Maryland Casualty has appointed Norman S. Casey as special agent in Missouri and Kansas, with headquarters in Kansas City. For the past two years Mr. Casey has been an insurance examiner in the engineering corps of the war department. Prior to that time he was an insurance broker in Omaha for several years.

Flynn Ocean Accident Manager

William P. Flynn, Jr., has been named resident manager of the Pittsburgh office of Ocean Accident and Columbia Casualty. Mr. Flynn has been with the two companies since 1936, and formerly was special agent for them in Pittsburgh. He has been resident manager at Indianapolis.

Aids Fidelity Claim Man, Underwriter

(CONTINUED FROM PAGE 17)

funds or to prepare for further pickings. He then gave a comprehensive list of methods used to cover up peculations. He gave particular attention to lapping, a method of covering up shortages by delaying entries in the records for receipts and using such funds to cover up shortages in the recorded cash receipts. An initial shortage of \$50 may be covered by innumerable lapping transactions but the loss does not exceed \$50 and occurred at the time of the first diversion.

Determining Extent of Loss

Factors requiring consideration in determining the extent of loss are the allocation of shortages to the bond period; analysis of lapping transactions to determine the period of initial diversions and elimination of duplications; elimination of errors in postings, extensions, footings and duplicating entries and misappropriation of merchandise (cost) or proceeds (selling price).

Determination of whether merchandise or the sales receipt proceeds are misappropriated may involve a substantial difference as between cost of the merchandise and the selling price proceeds.

Inventory shortages chargeable to normal operating losses are due to errors in merchandise receipts or shipments;

bookkeeping errors; free goods dispositions; manufacturing waste and inefficiency; errors in physical counts; failure to account for goods out with salesmen, on memorandum and in transit; pilferage and shoplifting, and burglary, fire or other losses.

Audit is an examination of the books and records for the purpose of ascertaining accuracy and integrity of the accounts and certifying thereto, he stated. The detailed audit is most desirable but generally least practicable because of the time and cost involved. In most instances, the desirable is lost to the practicable.

INTERNAL FUNCTIONS

Internal auditing is performed by officers or employees and external or outside auditing by independent accountants. Internal functions may be classified into internal control, internal check, and internal audit.

Commenting on the various phases of the general operations of a business, he made the following suggestions:

Purchasing—The respective duties of authorizing purchases, checking physical receipts, returns and allowances, payments and inventory control should be segregated among as many employees as possible.

Selling—Use consecutive numbered sales tickets. Agents' reports, orders, commission statements, shipping and express records and customers' receipts should be checked with the sales records. A perpetual inventory control should be maintained over salable merchandise. The duties of invoicing customers, shipping, handling customers' ledgers, cash receipts, discounts, return sales and allowances and bad debt adjustments should be spread to maximum practicability among different employees. Bad debts and allowances written off must be authorized by a person of responsibility. Periodic confirmation of accounts receivable should be obtained by direct communication and replies returnable to independent auditors.

Opening the Mail

Cash receipts and disbursements—The incoming mail should be opened by a person in authority not connected with the cashier. All incoming receipts should be listed before transfer to cashier and the list checked with entries in the cash book. Where possible duplicate deposit slips stamped by the bank should be returned to a person in authority and checked with the cash book entries. The bank statements should be checked with the cash book before being turned over to the bookkeeper. A different person, if possible, should handle cash receipts and disbursements, respectively.

The cash receipts clerk should deposit "all" receipts intact. Receipts from sales of waste and scrap should be checked with inventory control and normal returns. Freight and damage claims should be set up as accounts receivable to check against the ultimate receipt of the funds.

Every Payment By Check

Every payment should be made when possible by check. All checks should require two signatures excluding cashier and no checks drawn to "bearer". Elimination of disbursements by cash minimizes the temptation and opportunity for stealing. The practice of drawing checks to "bearer" simplifies unauthorized cashing of checks and charging the items to fictitious accounts. Checks are never to be signed unless the payee and amount are filled in.

Petty cash disbursements should be made from an imprest cash fund subject to periodic audit. The disbursement vouchers should be consecutively numbered and countersigned by a person of authority.

Payroll operations should be divided to maximum practicability—timekeeper, foreman, payroll clerk and paymaster. Time clock cards and reports should be

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Home Office LOS ANGELES

checked with departmental labor distributions, employment department records, social security and unemployment insurance reports. An officer should occasionally be present at the time of payroll distribution. Payroll receipts should be turned over directly to other than the disbursing agent for checking and employee signature comparisons.

With perpetual inventory controls of merchandise for sale, supplies, tools, etc., individual responsibility should be allocated in interoffice and departmental transfers. The principle of charge and discharge reduced to record form will control internal cash transfers.

The fundamental principle of control is that every transaction involves a charge (incoming value) and a discharge (outgoing value). Fraud may arise in either or both. Quoting an accounting authority, he stated, "Upon the same principle that the more planks there are in a raft the harder it is to sink it, the more persons who check a transaction the more likely it is to be handled correctly."

O'Mahoney Holds Forth Again

(CONTINUED FROM PAGE 1)

O'Mahoney said the latest New York examiner's report referred to, together with a report submitted and discussed during the previous testimony of E. L. Williams, president, Insurance Executives Association, show that for over two years the New York insurance department has been investigating various insurance companies' acts whereby, the senator charged, "They regulate the insurance business in the interstate field." Mr. Williams had insisted that was not correct and testified that the I. U. B. had been set up at the request of the National Association of Insurance Commissioners.

Cites 1928 Proceedings

O'Mahoney produced a copy of the proceedings of the latter organization's 1928 convention. This showed, he asserted, that the board was "conceived by the companies and presented to the commissioners," and that the matter was discussed at that meeting.

He then quoted from a report of New York examiners in 1941, to show that I. U. B. had departed from the plan originally proposed. I. U. B.'s underlying policies are not used for taxation purposes, O'Mahoney declared, and some of them are issued at "arbitrary" rates. The report described I. U. B.'s procedure as "subterfuge."

I. U. B.'s tariffs have grown so great, it was reported, that "in many instances state authorities are unable to cope with them." It was charged that when insurance companies are examined by state authorities they exhibit only figures for that state and avoid making representation with respect to matters affecting insurance in other states.

"Is not that violation of the law?" asked Senator Ferguson, Michigan. "State law is as efficient as federal law."

"I. U. B. management of insurance is so complicated and confused," replied O'Mahoney, "that Congress should not deprive the public of protection it may have under the anti-trust laws." He added that since the companies have combined and agreed "the leading insurance state of the Union is calling upon them to show cause. This is not the proper time for Congress to say 'you may have carte blanche.'"

O'Mahoney charged the I. U. B., created to handle nationwide business, "is a super-governing body" operating in the interstate field. "It operates to the disadvantage of the state and of small business," he declared. "It tends to reduce the revenue of the states and to increase premiums paid by local business. Disproportionate discounts are allowed to big risks. The complicated system adopted scarcely could be im-

proved upon if its sole purpose was to deceive state officials."

"Is any state deceived?" asked Ferguson.

In reply O'Mahoney referred to New York. He said that two forms of policies are issued by the I. U. B., a master policy and an underlying policy. They are not the same, he said, and they are used for different purposes. The former policy is issued to the insured, but not to the state. The underlying policy goes to the state or the local rating bureau, but not to the insured. O'Mahoney read from Marks' report last July stating underlying policies frequently do not have the same clauses as the master policy.

Collision in Language

Senator Austin of Vermont wanted to know if there is a clause in either form of policy providing that in event of collision in language, the language of a certain one would control? O'Mahoney did not know.

"There must be something of that kind or it would be irrational," remarked Austin "if that is all there is to it, it would be irrational."

O'Mahoney stated he understood "perhaps the companies may feel they are doing a good job. They are honorable men," whose motives he was not attempting to impugn.

"If there is fraud in delivering one policy to the insured and another to the state authorities," said Ferguson, "I am surprised the state of New York has not been able to cope with the matter."

National Debt and Revenue

O'Mahoney referred to the general situation as regards taxation, the national debt and revenue, but did not say insurance companies are responsible.

"Would you carry that out to the extent of federal control?" Austin asked.

"You can not protect local self government if you withdraw federal power from the field granted it," O'Mahoney replied. "Will the I. U. B. move in and take that function away from us?"

"The logic of what you say is against the principle for which you say you stand," remarked Austin. "When dealing with insurance you are in the realm of economy. You are undertaking to say if self-government is permitted in economic matters there will be a mistake as the government is now regulating its revenues. I don't think your argument applies."

Senator Kilgore went to O'Mahoney's rescue with a suggestion that local self-government must be gotten by means of stepping across state boundaries when business goes over state lines.

O'MAHONEY'S REMEDY

"The remedy," said O'Mahoney, "is not to wash our hands of responsibility within the realm of the constitution. Our remedy is to strengthen the hands of state and local governments. While Congress is being asked to withdraw from the field of interstate business the insurance companies have set up an interstate insurance government so great, powerful and complicated, that the state of New York, after investigating for two years, just now is calling upon insurance companies to show cause why their rates should not be reduced."

"You are painting a rather distressing picture," remarked Van Nuys, suggesting the situation might be due to the war and would improve in normal times.

O'Mahoney declared that "not a single spokesman for life insurance has uttered a word in support of this bill." He said that Congress is not meeting its responsibility on insurance and that the committee could help in that respect.

"I don't believe we are in such a chaotic condition as to federal and state government," declared Van Nuys.

Referring further to Marks' report of last July, O'Mahoney said an extraordinary situation exists regarding the interstate organization, that the companies consider underlying policies "as a means of satisfying local bureaus;" that

the company's concern is with the master policy since that goes to the insured.

"If the assured finds he is defrauded or injured in any way he could bring suit in court in New York," said Austin.

"We all know very few people read fine print in an insurance policy," replied O'Mahoney. "A single citizen is at a great disadvantage." He quoted former Senator James Reed, Missouri, as saying "You can't fight a million dollars" and added "you can't fight a hundred millions. We are saying in this bill that little people shall be permitted to fight their own battles against big, organized groups without protection of the anti-trust laws."

"You are asking Congress to step in," said Austin. "No, I am asking them not to step in," answered O'Mahoney. "The proponents of this bill ask Congress to step in."

Austin Quizzes O'Mahoney

"You are asking Congress to take such attitude," continued Austin, "because you say the states have not discovered this thing and dealt with it. If this condition actually exists, how did it happen that in a court this is not shown up?"

O'Mahoney replied that experienced insurance men have not aided in the matter. He pointed to "what the state of New York has already discovered," and asked: "Is this not a signal to this

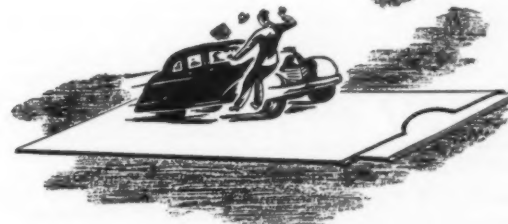
committee to hesitate before it dives overboard?"

"What have the states done?" asked Ferguson. "New York has served notice to show why rates should not be reduced." "That probably will be accomplished," remarked Ferguson. "While that investigation is going on," said O'Mahoney, "I don't believe this committee should step into the picture and say we are not going to have companies now under investigation bothered by a charge they are conspiring in violation of the antitrust laws."

I.U.B. AND TAXES

Taking up his charge that states are being deprived of revenue under the I. U. B., O'Mahoney said that taxes are measured by percentage of premiums collected in the state. I. U. B. operating from New York grants discounts to big interstate companies by which they get insurance at lower rates than does little business in the several states, he said. "Because these rates are lower, then obviously, the percentage of premiums collected by the state is reduced."

O'Mahoney quoted Marks as saying premiums collected are less than if separate policies were issued for different locations. "Since discounts for all states



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except New York and Texas are at the discretion of the I. U. B.," said O'Mahoney, "the control exercised by New York and Texas is nullified."

O'Mahoney quoted figures from a New York insurance official's report showing that one concern carrying \$14,000,000 insurance got a discount of 30%; another having \$44,000,000 insurance, 64% discount; a third, \$6,900,000, 13%; a fourth, \$31,000,000 60%; a fifth, \$5,000,00, 75% discount.

Ferguson suggested it costs less to write one of these policies "than it would to go out over the country and insure small individual risks."

"I am not so sure," replied O'Mahoney, who added that agents are widely scattered to get business and that overhead is the same.

He declared that the reaction of the New York insurance examiners is that the whole rate structure should be revised. "Maybe the insurance companies can give us a good explanation of it," he added. "They haven't done it yet."

O'Mahoney next compared discounts in New York state with those in other states, remarking that rating bureaus "are not manned and controlled by the states. The insurance companies are a bunch of good talkers who went in and talked the legislatures into permitting them to run their business in their own way."

Variation in Discounts

According to figures given by O'Mahoney discounts in various instances in New York compared with those in other states as follows:

New York	Other States
%	%
2	6
8	30
12	30
2.5	10
1	30
.5 of 1%	34
5.5	69.5

"This is discount allowed big business over little business," O'Mahoney declared.

"I take it," interjected Ferguson, "if Congress does not pass this bill all these evils will be corrected?"

"If we don't pass the bill," O'Mahoney answered, "I think the states, realizing for the first time the way centralized control has been exercised over the insurance business, will begin to look into it. New York has already begun."

He then gave figures showing a sliding scale of average rates ranging over interstate business calling for deductions for from five to 10 locations and ranging up to 20% in a case involving over 200 locations. He quoted Marks as saying earned premium is directly related not to a fixed amount of insurance, but to the average of actual values existing during the contract term.

Each interstate contract, it was said, is drawn so that the amount of the premium is figured upon a changing basis and not on the amount of the insurance, which the small man bargains for when he gets a policy. Perhaps if there were a great loss, O'Mahoney said, premiums might increase.

He quoted Marks as saying that certain problems "in the past have not been given sufficient consideration."

The board establishes a rate for a

master contract, a copy of which is to be filed.

"That is a method," O'Mahoney continued, "by which the I. U. B. undertakes to police its own organization and prohibit member companies from violations. Copies of the master contract are not submitted to the state bureau."

A statement of Marks was read purporting to quote an insurance group as saying that delivery of "22 or a 222" contract covered by interstate insurance would "tend to vicious practice."

Definition of Public

"The public has the benefit of these lower premiums, has it not?" said Austin.

"Only the big companies," replied O'Mahoney.

"You don't call them the public?"

"Not compared with small concerns."

"The public is both," concluded Austin.

"When big business is benefited and little business is not, that is not in the public interest," declared O'Mahoney.

"If we don't pass this bill, won't the same thing happen?" asked Ferguson.

"No."

O'Mahoney declared that "the glittering generalities with which this committee has been regaled are no answer to these charges" against the insurance business.

In considering discounts, O'Mahoney said that it must be borne in mind that "they say" an interstate business which operates with at least five locations gets a rate which single business man operating in one place can't get.

Kilgore interjected a remark about the theory of fire insurance and that when one group gets a lower rate "somebody has to make up the pool, which means that somebody must make up the difference, and it would mean higher rates for others."

"Yes," agreed O'Mahoney.

Remarking that the theory applies to chain stores, Van Nuys suggested one reason for longer discounts is that such stores have provided necessary precautions. "Don't you think that would enter into it?" he asked.

In reply, O'Mahoney cited the case of a chain store building in Wyoming that collapsed with great damage because improperly constructed.

"Were there other collapses in other cities?" queried Van Nuys dryly.

ASKS EXPLANATION

O'Mahoney insisted that the situation is so "is so 'extraordinary' as to 'call for explanation by the I.U.B. The record is so tremendously interesting," he said, "that before this committee acts on this bill it ought to have examination made of every single agency set up by the insurance companies."

Mr. Williams, taking the floor briefly to reply to O'Mahoney, said that the Senator is "confusing two things: the report of the New York insurance department on the I.U.B. and the order to show cause." The states are continually examining the insurance boards and bureaus, Mr. Williams added.

"The I.U.B. tries to write average rates. Under its policies they have to insure for the full amount."

Williams pointed out that some states require a master policy and others require an underlying policy; still others, perhaps, both. The master policy goes between the insured and the company.

Sometimes the states insist upon taxes based on the underlying policies, rather than master policies, said Mr. Williams. Discounts differ, he added, because of a "desire to be fair" as between big insured concerns.

Mr. Williams said reports "go to show that New York and other states are doing all they can to keep this business straight."

He declared that varying discounts in different states "may arise from various conditions" and that in some cases they are added onto the rates.

"Will you present a brief or written statement answering for the insurance

companies all these allegations and defamations?" asked Van Nuys, when Williams concluded. The latter promised to do so.

O'Mahoney then concluded by offering for the record the reports of New York examiners upon which he had been drawing.

Harlan Justice testified he was formerly in the insurance business and for 11 years has been connected with the West Virginia department. He read a two page statement giving the reasons why that office is opposed to the Bailey-Van Nuys bill.

1. Because there is an increasing volume of insurance being written on an interstate basis. If this volume keeps mounting it will not be many years before there will be little business left to the jurisdiction of the states. The effectiveness of state regulation will become of no force.

2. The system employed in writing interstate business contemplates the writing of preferential rates in favor of large concerns and discriminates against local business men.

Kilgore brought out that the "big bulk of West Virginia business is operated from outside the state," whether insurance, chemical, coal, oil, gas, etc. Justice estimated that chemical plants in the Monongahela Valley representing \$200,000,000 to \$300,000,000 are insured from outside the state, so far as he knew. He said the result of preferential treatment was "discrimination against business and property owners in the state."

W. Va. Department Acts

"The legislature requires a rating bureau within the state and has enacted a satisfactory form of fire insurance policy," the witness continued. "It also required a statistical and fact-finding bureau. Rates for fire insurance are made by the rating bureau for 26 classifications of property. The insurance commissioner publishes facts and figures on them and has power to adjust rates on them. You may see how this system of protection is being distorted and defeated by unfair discrimination by the companies by rating interstate risks at lower rates than rates of our rating bureau."

Saying the state gets credit for only a portion of the premiums under the circumstances, Justice discussed the situation as regards comparative rates for chain stores and local stores in his state.

"Can a company charge a lower rate or a higher rate?" asked Ferguson, referring to rates filed with the rating bureau.

The answer was no, but that deviations could be filed and permitted.

All Belong to Bureau

All fire companies belong to the state rating bureau, "and any time anybody wants to cut prices they are not going to have much trouble from us," declared Justice.

Under the interstate system of handling the business, Justice estimated that instead of paying a dollar rate as filed, some concerns may pay only 5 or 10 cents. It distorts the system, he added.

"What is the remedy—federal law?" asked Ferguson.

"That is all I know of. It is impossible for the state to cope with the situation," replied Justice.

"What is wrong with it?"

"The attorney general of West Virginia has told us the state has no power to regulate interstate business."

"You cannot go after a company in New York which throws its umbrella over West Virginia," suggested Kilgore.

Justice said "the tendency is to boost rates upwards" as a result of particularly favorable rates on interstate business.

"Can't the state pass a law that losses shall be figured as to lower rates?"

asked Ferguson. "Have you not a remedy?"

"You are setting up a preferential class discrimination against certain property owners," Justice replied.

"You have laws regulating foreign insurance companies; then you have a remedy," declared Senator Austin.

Justice explained that in most states the governor appoints the insurance commissioner and the latter does not have time during his term of office to become familiar with insurance problems. If a commissioner would start in to rectify the situation, he added, it would take months to examine some companies.

"Do you think it could be done better by federal than state officials?" Ferguson asked.

"No, I don't want the Federal government messing with it," Justice insisted, adding, however, that "the system of business is changing. More business concerns are going on to a national or multiple-state operation basis and coming out into a hiatus where there is no regulation."

ANTI-TRUST LAW

In response to a committeeman's question, the witness declared that "it would not accomplish anything to revoke a license." Kilgore suggested that such cancellations of life insurance company licenses would "deny insurance protection" to the citizens of West Virginia.

The witness said he believed the anti-trust law prevents it establishing a certain rate.

Ferguson said if a Detroit insurance company wants to insure business all over the country "do you say the anti-trust law prevents it establishing a certain rate? How is that a violation of law?"

Matter of Reinsurance

Kilgore suggested reinsurance would be necessary and that one company would not be able to carry risks by itself.

"Do I understand that if Standard wants to get Aetna's help it would violate state law?" asked Ferguson.

"Not today," replied Kilgore. "It depends upon what the Supreme Court does."

"Are we going to do without coin-surance?"

"No. This will assist it by making it live within the law," said Kilgore.

"Would you rather have 48 independent examiners than one in Washington?" asked Van Nuys.

"We don't want any in Washington," Justice replied. "We think if the anti-trust law applies to interstate rating it will help."

"You want Federal regulation of interstate business and state regulation of state business," Ferguson suggested.

Justice said a lot of companies pay a \$5 fee to license an agency in West Virginia to countersign one policy on an interstate concern.

"The federal government would have no jurisdiction over an offense of the character you speak of," said Austin, referring to man "defrauding, or avoiding or evading state laws."

"Our attorney general has said control is subject to Congress," replied Justice.

"Congress can't furnish you with another attorney general," remarked Austin.

O'Mahoney said the situation impressed him as might "Joe Louis matched with a bantam weight, the former having one hand tied behind him

(CONTINUED ON LAST PAGE)

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Weldon Receives Achievement Award

WICHITA—Bernard J. Weldon of Dulane, Johnston & Priest was awarded the "Victor G. Henry Achievement Award" and presented a handsome cup at the annual Christmas party of the Wichita Association of Insurance Agents. The award, first presented in 1942 when it was won by Elmer C. Beezley of Beezley, Webb & Outland, goes to the member of the Wichita association who contributed the most during the year for the advancement and benefit of the board. Mr. Weldon, chairman of the education and public relations committee, was selected by the executive committee for the series of educational meetings and for personally conducting evening classes in the education program of the Wichita Association of Insurance Women. He taught the courses on fidelity and surety bonds and automobile material damage and liability. Dorth Coombs, vice-president and chairman of the executive committee, made the presentation.

Mr. Weldon has been active in civic and community affairs since locating in Wichita following graduation from the fire protection course of Armour Tech some years ago. Before joining Dulane, Johnston & Priest, he was with the Wichita office of the Kansas Inspection Bureau.

Allen Praises Insurance

Senator Henry J. Allen, guest speaker at the party, said insurance is the only business which has conducted its own readjustments, correcting its own errors and the misunderstandings of its customers. He commented that while he was governor he noted that the many improvements in the business, including reduction of rates and broadening of coverages, came from the insurance order and not from the insurance department. He congratulated insurance for "giving battle to save its identity and save the country from the mistake of turning the insurance business over to the government."

Among the more than 200 guests were local officials, legislators and chamber of commerce representatives. Also attending were the officers and executive committee of the Kansas Association of Insurance Agents, who were holding a meeting in Wichita. Office employees of the 40 member agencies also were guests.

Send Out Flint, Mich., "Ads"

LANSING, MICH.—Member boards of the Michigan Association of Insurance Agents are to be provided with full details of an advertising program which has been conducted with notable success during the past year by the Flint association.

Waldo O. Hildebrand, state association secretary-manager, is preparing material on the Flint campaign, including examples of some of the outstanding advertisements used in the daily newspaper there. The program was designed to portray vividly to the public the benefits provided, aside from strictly insurance service to policyholders, by stock companies and their agents.

Each "ad" carried the names of all member agencies and the association seal which, it was explained, symbolizes sound insurance service wherever it appears. Walter Mooney is the Flint association president and much credit for the advertising program was accorded Claude Holmes, secretary, and Phil J.

Braun of the advertising committee. Mr. Braun is a former state association president and National association committeeman.

Training School at Norwood, O.

A plant fire brigade training school has been conducted at Norwood, O., for the past six weeks by Randolph Byrne, chief inspector of the Norwood fire prevention department. Ralph W. Hukill, manager of the southwest Ohio service office of Great American, was the instructor the first week, covering fire prevention and protection and brigade organization. Irvin Heeb of the sprinkler department of the Ohio Inspection Bureau, Cincinnati, discussed sprinkler and standpipe systems and water supply the third week. Films were shown in connection with the lectures. There was an average attendance of about 80 plant superintendents and foremen of industries in Norwood at the afternoon and evening sessions.

Kan. Executive Committee Meets

WICHITA—The executive committee of the Kansas Association of Insurance Agents held a meeting here with Chairman Edwin S. Nellis presiding. Secretary Evan H. Browne, Kansas City, distributed new directories of the membership which include officers and committee appointments. Vice-president George Stoskopf, Baxter Springs, chairman of the membership committee, outlined plans for a series of public relations meetings over the state in the early spring to stimulate membership, but reported that membership to date is near normal. Prospects of organizing at least one new local board were announced.

Names Ia. Membership Group

DES MOINES—C. D. Friday of Osceola, president of the Iowa Association of Insurance Agents, has appointed a membership committee with Casey Williams of Indianola as chairman. Other members are: E. A. Fitz, Dubuque; Lyle M. Jeffries, Jr., Clinton; George Dwight, Burlington; William Whipple, Cedar Rapids; Herman C. Miller, Waterloo; A. R. Melrose, Charles City; W. E. McDowell, Ames; Ivan Anton, Des Moines; Sam C. Stolz, Ottumwa; Clarence Hausz, Creston; Wallace Rogers, Fort Dodge; Jerry E. Ellerbroek, Sibley; J. Watt Wooldridge, Sioux City, and Paul Newton of Council Bluffs.

Two Racine Groups Elect

RACINE, WIS.—The Racine Insurance Board has elected Sherman Blandin president; Sidney Nelson, vice-president; Dewey Liegler, secretary-treasurer; W. S. Dooley, Al Steffenson and Grover Miller, directors.

The Racine County Insurance Board elected W. K. Porter, Burlington, president; Sherman Blandin, vice-president; Dewey Liegler, secretary-treasurer; George Davies and Frank Thiery, directors.

Madison Board Christmas Party

About 60 attended the Madison (Wis.) Insurance Board's Christmas party. Speaker of the evening was Bud Foster, coach of the University of Wisconsin basketball team.

Fire Chiefs Hear Lund, Linnell

ST. PAUL—Fire chiefs of Minnesota at their annual meeting here were urged by Leonard J. Lund, deputy insurance commissioner and fire marshal, to expand their fire prevention programs. A proposal was made to seek a law requiring company investigators to sub-

mit damage reports immediately to local fire chiefs. Thomas G. Linnell Minneapolis general agent and chairman of the fire prevention committee of the Minnesota Safety Council, also spoke.

Rystad Des Moines Secretary

DES MOINES—Grant Rystad has been named acting secretary of the Des Moines Association of Insurance Agents, filling the vacancy caused by the absence of Ivan A. Anton, secretary, who is now in service as a navy lieutenant (j.g.) at Tucson, Ariz. Mr. Rystad has been associated with Mr. Anton in his agency for nine years.

Reelect Kansas City Officers

KANSAS CITY—Officers of the Kansas City Association of Insurance Agents were reelected at the annual meeting Tuesday: Harry M. Gambrel, president; Cliff Johnson, vice-president, and Fred V. Griffith, treasurer.

John M. Nuckols was elected secretary. Members of the executive committee elected for a 2-year term are Mr. Johnston and R. S. Lovelace; for a 1-year term, William J. Welsh and Robert L. Stewart, Jr.

Minn. Farm Mutuals to Meet

The Minnesota Association of Farmers Mutual Insurance Companies will hold its annual meeting in St. Paul Jan. 9-14.

Joseph E. Maroney, formerly associated with the O'Rourke & Co., agency

for the past seven years, has opened his own agency at 1125 Lincoln Tower, Fort Wayne, Ind., doing a general insurance business.

The Insurance Women of Madison, Wis., held their Christmas party Dec. 14, with about 40 present. Sidney Miller of the Social Security Board, Madison, will speak Jan. 9.

W. E. Reeder, adjuster of Underwriters Adjusting in Des Moines, has returned to his duties after receiving a medical discharge from the army. He had been in service 11 months.

Hobart Brady, head of Brady, Inc., Wichita agency, has been named a director of the Wichita chamber of commerce.

The Dulane, Johnston & Priest agency of Wichita held its Christmas party for the office force and fieldmen associates Dec. 22. Communications were read from several members of the agency now in service.

The Insurance Women of Cleveland sponsored a performance of the play, "Angel Street," Dec. 16. The demand for tickets was so great that they had to reserve a block of 100 tickets for the preceding night. Each night a number of tickets were distributed to service men and women.

The Insurance Agency Company of St. Louis has purchased the property at 214 North Fourth street which it has occupied for several years.

A. J. Doll, owner of the General Insurance Agency, Coldwater, O., has purchased the Sam Redmon agency and will combine the two.

IN THE SOUTHERN STATES

Timpson Is New President of San Antonio Exchange

SAN ANTONIO—The San Antonio Insurance Exchange has elected S. Coulter Timpson, Jr., S. C. Timpson & Son agency, as president; C. Oliver Sawtelle, Sawtelle, Cary & McAllister, vice-president, and F. F. Ludolph, secretary, reelected for his 31st year. New directors are Henry Catto of Catto & Catto and Luther C. Beery; holdovers, Sam P. Walker and Arthur G. Randol.

W. C. Lutz, retiring president, spoke briefly. He emphasized the need for a strong organization to support the work of the state and national organizations in meeting the problems which the business now faces.

F. M. Coleman announced that the Texas casualty and surety committee will hold a one-day meeting, open to all insurance men, at Dallas Jan. 25, and asked whether it was the desire that the committee be invited to hold a second open meeting in San Antonio Jan. 26. The vote was unanimous for such a meeting.

Secretary Ludolph called attention to the importance of rental insurance and the exercising of care in writing the proper amount of insurance where the coinsurance provision is applicable. Following this there was a round table discussion of selling methods.

Heavy Loss on Magnesium Bomb Plant near Dallas

DALLAS—About \$500,000 worth of raw magnesium and buildings valued at \$250,000 were destroyed by fire in the magnesium bomb plant of the Austin Bridge Company just outside the city limits of Dallas. According to Col. H. M. McCullough of the chemical warfare department, the fire was due to the ignition of a wooden vent by a small explosion of flammable vapors in the incendiary bomb casing plant. It is estimated 17 carloads of magnesium were burned, each car containing approximately 100,

000 pounds of the explosive metal. The flames could be seen more than 100 miles away.

It is understood that while the Austin Bridge Company formerly had more than \$1,000,000 insurance on the building and raw material, all of the insurance except that on the buildings was cancelled by the Defense Plant Corporation when it took over.

Conduct Tenn. Membership Drive

NASHVILLE—A drive for new members for the Tennessee Association of Insurance Agents is in progress with President Joe Bandy of Stokes & Bandy, Nashville, and Manager R. T. Cawthon making a tour of all local exchanges in behalf of the campaign. Dorian Clark, chairman of the membership drive, has appointed these zone captains: F. E. McClaughon, Kingsport; Mark Bradford, Nashville; Joe Gest, Jackson; Russell Briscoe, Knoxville; C. S. Colburn, Chattanooga, and Allan Fisher, Memphis.

Birmingham Women Elect

The Insurance Women of Birmingham, Ala., at its annual meeting elected the following officers: President, Miss Vena Dearing, with William E. Bishop, adjuster; vice-president, Mrs. Ruby Ackerman, Hamilton & Smith; secretary, Miss Margaret Skilling, Jackson agency, and treasurer, Mrs. Marie Armistead, W. B. Phillips & Co. Six new members were accepted bringing membership to 72.

Collect Ark. Non-Resident Fees

LITTLE ROCK—Commissioner Graves has collected \$2,400 in non-resident brokers fees under the new counter-signature law.

The Insurance Women of New Orleans held a Christmas program at its December meeting. At the preceding meeting, Roy A. Schroder, New Orleans general agent of Pacific Mutual Life, spoke on the subject "Learning,

Earning and Yearning." The group includes both life and general insurance offices and now has a membership of 100. Mrs. Gayle Schneidau is president and Miss Lorraine Raymond of Sun Life is educational chairman.

Werlla Opens Beaumont Branch

A. A. Werlla, owner of the Texas Claims Service, City National Bank building, Wichita Falls, Tex., is opening a branch office in 1112 Goodhue building, Beaumont, Tex. The new office will be in charge of R. D. Hambrick, formerly with the Fire Companies Adjustment Bureau, who will have associated with him W. T. Hardy and N. H. Blanton.

Va. Rating Bureau Changes

James W. Tredway, Jr., has resigned as manager of the Richmond branch of the Virginia rating bureau to become associated with the Davenport Insurance Corporation agency in Richmond. Gilman P. Roberts, hitherto special agent for the bureau traveling out of Richmond, succeeds him as manager of the Richmond branch.

Texas Chambers Endorse Bills

The chambers of commerce of Dallas and Houston have endorsed the Bailey-Van Nuys bills and sent telegrams to this effect by each chamber to the Texas senators and congressmen.

To Continue Nashville Agency

NASHVILLE—Following the recent death of Phillip H. Hicks, it has been announced that John J. Brady and F. A. Henry will continue the agency of Hicks, Brady & Henry under the same title. Mr. Brady, who has been with the firm for 18 years, will head the organization.

Moore Opens Own Office

Ralph R. Moore, who has been Houston branch manager of Fire Companies Adjustment Bureau for eight years, has resigned and opened an independent adjusting office at 506 Niels Esperson building, Houston.

Amos Is Greensboro President

GREENSBORO, N. C.—Lloyd C. Amos has been elected president of the Greensboro Insurance Exchange, succeeding O. D. Nelson. E. J. Carpenter is vice-president; Wilson F. Mitchell, secretary-treasurer.

NEWS BRIEFS

The Insurance Women's Club of Oklahoma City at its annual Christmas dinner enjoyed an evening of entertainment.

L. O. Freeman, Jr., manager of the Virginia rating bureau, went hunting recently and bagged two wild turkeys, so that he expects to have more turkey than he can eat throughout the Christmas holidays.

Dudley Gale of Gale, Smith & Co. and T. Graham Hall of Hall & Benedict have been elected to the board of governors of the Nashville chamber of commerce.

John C. Browder, local agent, now mayor of Springfield, Tenn., has been reelected secretary of the Robertson county chamber of commerce.

MARINE

McCauley with Fire Association

The Fire Association group has appointed George W. McCauley as special agent of the marine and special risks departments for southern San Joaquin Valley and southern California, with headquarters in Los Angeles.

Mr. McCauley was with Edward Brown & Sons as special agent and later with Pacific Employers as manager of the inland marine and Lloyds departments. He has spent 18 months in the

merchant marine as purser, retiring following injuries received in action during the invasion of Sicily.

Mr. McCauley will be associated with John C. Burt, recently appointed agency superintendent, Ralph J. Farrell, special agent and M. Nolan, office secretary.

O.K.'s Locker Cover in Vt.

Commissioner Burns of Vermont has announced amendment of the nationwide definition to permit writing of multiple peril coverage on merchandise in cold storage lockers under the marine form.

EAST

Rochester Board Officers Reelected

Robert E. Consler was reelected president of the Underwriters Board of Rochester, N. Y., at the annual election



LOUIS HAWES

Monday. Arthur J. Bamann was reelected vice-president, and Louis Hawes reelected secretary. Arthur L. Griffith was elected treasurer. It is the 18th consecutive term for Secretary Hawes.

Directors elected to serve three years for Class 1 were Roy A. Duffus, Frank O. Hayes, and Mr. Griffith; for one year representing Class 2, Carl J. Benson; for one year representing Class 3, Major Howard R. Bacon, Pittsford, N. Y., and one year for Class 4, Theodore M. Childs and George J. Cleary.

The annual meeting and installation of officers and directors will take place Jan. 10.

W. Va. Simplifies Agents' Licensing

Commissioner Sims of West Virginia is inaugurating a new plan of agents' licensing. The department will issue a single license authorizing an agent to solicit and countersign policies in licensed companies from which he holds a valid commission of authority or contract. The agent would pay the \$5 annual fee instead of the company, and payment would be required by March 1, giving the department 30 days to notify agents and companies of any delinquency. The company through a monthly reporting form would furnish the department monthly names, address and date of all new appointments and cancellations.

The new plan would reduce department fees by approximately \$60,000 annually, would eliminate the bulge of detail work connected with renewing agents' licenses each March and would relieve the companies of much detail in making application for renewal of

agents' licenses. Commissioner Sims said the new plan can be placed in use without legislative changes.

Under the present system the department each year prints about 26,000 agents' licenses, of which between 13,000 and 18,000 are actually issued. The companies at the home offices must fill in each application with name and address of agent and then countersign the form and return the entire list to the commissioner before March 1. From March 1 to March 31 the department handles approximately 15,000 licenses in addition to licensing 550 companies and a large number of solicitors and brokers and collecting about \$1,200,000 in taxes and fees. It is becoming almost impossible to get licenses back to companies before April 1, Mr. Sims stated.

Mutual Agents Welcome Gesture from Stock Group

E. P. Curtiss of Stratford, Conn., president of the Mutual Insurance Agents Association of New England, at a meeting of the directors at Providence, appointed a policy committee to carry out the pledge of the mutual organization to support and cooperate with other organizations that are striving to improve the agency system. He made the appointment shortly after President Harold D. Barnes of the Massachusetts Association of Insurance Agents issued a statement suggesting that the stock and mutual agents submerge their differences and work for the advancement of the agency system against the encroachment of direct writing companies. The policy committee consists of George D. Wheatley, Abington, chairman; F. F. Sweeney, New Haven; Harold Holt, Providence;

John H. Eddy, Boston; R. K. Palmer, Keene, N. H.; Lewis P. Smith, Bangor, Me., and W. M. Lynne, Barre, Vt.

Mr. Curtiss has also asked the presidents of the state associations to appoint similar committees.

John H. Whorf of Boston was named director of publicity and the directors approved a recommendation that the association publish a monthly bulletin.

W. Irving Dowsett, Groton, Conn., who was unable to attend recommended in writing that the association set as its goal 1,000 new members by July, 1944. Mr. Curtiss named Mr. Dowsett chairman of the membership committee.

Bryson F. Thompson of New Haven, former president of the National Association of Mutual Insurance Agents, was appointed chairman of the post-war planning committee, with instructions to make a survey to ascertain how many men and women from the military services member agencies estimate they would be able to employ after the war.

W. H. Howatt of Springfield was named chairman of the legislative committee.

McHugh Opens Bluefield Office

C. A. McHugh has opened an adjusting office under his own name in the Bradmann building, Bluefield, W. Va. Mr. McHugh for the past three years has been manager of the John C. Wyckoff Co. at Bluefield, which was closed Dec. 13. Mr. McHugh has been in adjusting 20 years.

NEWS BRIEFS

Boston members of the Massachusetts Association of Insurance Women have organized a luncheon club and will meet each Wednesday noon.

PACIFIC COAST AND MOUNTAIN

Issue on Admitting Non-Boarders to F.I.A. Is Raised

PORTLAND, ORE.—Admission of certain non-board companies to the Factory Association has evoked objection from some board company interests on the coast. To learn more of the reasons for the move, a representative of the Oregon Association of Insurance Agents requested Judge B. Miller, secretary of the National Association of Insurance Agents, to supplement the information given by the press. Mr. Miller wired in reply: "Non-board companies made application F.I.A. and since they met membership requirements are admitted. F.I.A. operating on broad policy of service to public through capital stock insurance companies which would include board as well as non-board. Competition between board and non-board agents on F.I.A. business will be on equal basis."

Feeling of the board agents is that after fighting unceasingly the competition of the mutuals and non-board stock companies, the F.I.A. would be dealing them a backhand blow in sweeping the competitive advantages of the F.I.A. away from them and over to those competitors.

The consensus in the coast area is that if the membership is extended to these non-boarders, the results of years of struggle by the board company forces in the field will have been nullified. Companies requesting membership in F.I.A. at this time are Firemen's of Newark and its associated companies, Concordia, Girard, Milwaukee Mechanics and National Ben-Franklin; Pearl Assurance and its associate, Eureka-Security; American Equitable, Northern of New York, Standard Fire of New Jersey, and Potomac.

Favorable Results in So. Cal.

LOS ANGELES—War activities, increased values, a high rate of renewal on

war damage insurance, and large construction programs have contributed to an increase in fire premiums in southern California during 1943.

In most instances where large lines come up for renewal, coverage has been increased because insured recognize the need for protecting increased valuations as well as the higher cost of replacements and the difficulties in making them.

From 85 to 90% of war damage insurance was renewed, small home owners, unobligated to a mortgagee, were practically the only ones not to renew.

On the whole, the loss experience in southern California has been satisfactory. There have been a number of large fires but they have not increased loss ratios to a figure high enough to cause comment and concern.

Slight Cotton Cover Decline

LOS ANGELES—Premiums on cotton coverage originating in California and Arizona show a slight decline in 1943 with the tonnage handled for export by the cotton pool showing a decided decrease. The volume handled by others than the pool, not destined for export, brought the total volume close to the figures for 1942. The underwriting experience on cotton is reported to be satisfactory with no large losses in the territory. Boom years are expected after the war with a sharp increase in export tonnage going through southern California ports.

King County Election Jan. 11

SEATTLE—The annual meeting and banquet of the King County Insurance Association will be held, Jan. 11.

If the line of officers is advanced as is



customary, Willard H. Scott of the M. B. Hevly-Scott Agency will be the next president.

The association trustees and ways and means committee were guests of President R. C. Jenner at the annual president's Christmas party, Dec. 17.

Kossen with Seattle Agency

Carl K. Kossen, who formerly operated the Kossen Insurance Agency at Butte, Mont., has received a medical discharge from the army and has located at Seattle with the local agency of Lipman & Esfeld. He started in insurance with the former Wolcott & Co. agency at Butte and later entered business on his own account. He sold out when he entered the army about a year ago.

Gets Ga. Home for Washington

The Armstrong General Agency of Seattle has been appointed general agent in Washington of Georgia Home for automobile and fire lines.

NEWS BRIEFS

Lees Armit, Colorado Springs agent, has purchased the interest of his partner, Frank H. West in the Armit & West agency there. Mr. West is captain in the army and stationed at Pueblo.

J. R. Brink, special agent of Phoenix of Hartford, Los Angeles, addressed the Long Beach Insurance Association on "The Personal Property Floater From My Point of View."

The Insurance Women of Pueblo, Colo., have purchased Christmas gifts for service men passing through Pueblo.

Perry Huff of Parker & Huff, Seattle adjusters, has returned from an extensive trip through Alaska where he adjusted several fire losses.

The Seattle Insurance Women's Association held its Christmas party Dec. 21.

The Portland (Ore.) Insurance Women's Association staged a Christmas party at the George White Service Center. Service men were guests.

Maurice B. Jackson of Marsh & McLennan has been elected president of the Seattle Symphony Orchestra. Louis LaBow of LaBow, Haynes Co., is on the board.

The Tucson, Ariz., Association of Insurance Agents and the Tucson Women's Insurance Club held a joint meeting to discuss the 1943 New York fire policy, recently adopted by Arizona.

L. F. Welch, for some 15 years in the automobile business in Portland, Ore., has opened a local insurance agency there.

Chicago Board, Brokers Row Aired

(CONTINUED FROM PAGE 2)

liams told him that he did not want the suit going on in Chicago while the government prosecution was going on in Atlanta.

"Without that prosecution in Atlanta," Mr. McConnell stated, "we would still be in the same fix."

Mr. McConnell stated that he had not conferred with the Department of Justice but he was invited to go to Washington by Senator O'Mahoney.

There was some discussion of acquisition cost and rates in Chicago. Senator O'Mahoney read the Chicago Board commission and brokerage provisions and Mr. McConnell stated that in addition there is a provision for contingency commissions which he stated are commissions based upon the risk experience. "If it is a good risk and there is no loss under it, then the agent gets a further contingent commission," Mr. McConnell was obviously floundering at this point as, of course, contingent commissions are based upon annual experience. "The agent also gets an over-riding commission," Mr. McConnell stated. "Between the broker and

the agent there is a pretty good build-up of acquisition cost, as you can see."

Senator O'Mahoney expressed the belief that the cost of insurance to the public of Chicago has been maintained at a rather high level. Mr. McConnell replied that "where you have got a situation where the experience should justify a lower rate, you have got a higher rate than in the rural districts. The reason for it is the agency system in Chicago whereby the agency gets the over-riding and contingency commission and the broker gets his share."

Brokers Would Take Cut

The brokers, he said, sometime ago had a question of acquisition cost up with the board. The brokers stated that they would take any cut in commission that is reflected in a reduction to the policyholder but he said nobody was interested in that proposal.

Mr. McConnell said the brokers represent the public and there is nothing in the states rights legislation which has any value to the public. He stated if the insurance companies ask Congress "for a special favor and a special exemption from the laws of the land that is going to lead eventually to the public demanding that aggregations of power and influence of this kind must be regulated in the interest of the public and it is largely to avoid that . . . the brokers feel that this sort of legislation almost insures eventual federal regulation which they do not want."

Mr. Williams stated that the Chicago Board came into being following the great Chicago fire. There were many fly-by-night companies that could not pay their losses and the necessity was apparent for some orderly rules and regulation for conducting the business. He pointed out that the companies do not belong to the Chicago Board. It is composed exclusively of agents and brokers. The agents and brokers drew up their own rules and regulations and under a constitution that is especially chartered and approved by the state legislature.

Mr. Williams said he first heard of

the McConnell litigation last December. Hayes McKinney of McKinney, Folonie & Gear who represented the Chicago Board, said he thought Mr. McConnell was going to bring a suit on behalf of "some disgruntled brokers." Mr. Williams said there has been agitation for a larger brokerage fee in Chicago. Mr. Williams' law firm represented the S.E.U.A. in Atlanta.

BOARD NOT PARTY

While Mr. McConnell was complaining of a rule of the Chicago Board, he did not make the Chicago Board a party defendant because that would have destroyed federal jurisdiction but he did name as defendants insurance companies who were not members of the board, alleging that these companies control the agents, Mr. Williams testified.

Mr. Williams said that the companies didn't care anything about the rule of which the brokers complained and would offer no objection if the Chicago Board amended its rules and regulations so that a broker could get a com-

mission whether or not he was a member of the board. That was satisfactory to Mr. McConnell and, according to Mr. Williams, Mr. McConnell then stated that he wanted some sort of consent decree by the companies. Mr. Williams said, "There is nothing doing about any consent decree." If there is a consent decree in a class action there is ground for recovery and the court will make allowances to counsel for the complainant.

Consent Decree Idea Revived

Mr. Williams later had a conference with Mr. McConnell and the latter indicated that he would be satisfied with a change in the rules provided he had some sort of statement he could make to the court about how the settlement was made. Mr. Williams took the position that there was no statement to be made except that the rule was being changed and that the case was being dismissed. Later he heard Mr. McConnell was not satisfied and was talking again about a consent decree. The companies, he said, would try the case on its merits. Mr. McConnell finally merely said to the court that the rule

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had been changed and the case was dismissed last March.

The brokers association, according to Mr. Williams, represents only some 400 out of 6,000 brokers in Chicago. Mr. Williams said there was an agitation by Mr. McConnell and Clark Nolan and J. H. Slagle who were the two plaintiffs in the suit against the Chicago Board, to go on record against the states rights legislation. According to Mr. Williams there was much dispute about it. Mr. Williams recalled that Mr. McConnell wrote an article which appears in the December issue of "Insurance Broker" and that it was replied to by Gail Reed, former president of the brokers association.

Mr. Reed, he said, asserted that the directors of the brokers' association were swayed by Mr. McConnell in this matter and that the brokers generally did not have the feeling that was expressed by their directors.

Mr. McConnell at the hearing then took up Mr. Williams' reference to commissions. In the early part of the summer of 1942, the Chicago Board, he declared, adopted a resolution that the over-riding commission of the agent should be increased 2½% and the brokers commission should be cut by the same amount. It was at that time, he declared, that the brokers said they were willing to take a 2½% cut provided that this came out of the rate and did not go into the pockets of the agents.

Companies Blocked Move

Mr. Williams stated that that increase in commission was never made effective, it was something that the agents wanted and the companies would not do.

Mr. McConnell said that Mr. Williams attempted to make it appear that the two brokers who were plaintiffs had actually no grievance. Mr. Slagle, according to Mr. McConnell, at the time the suit was dismissed received back in commissions something like \$1,800 which had been frozen under the board rules and as to Mr. Nolan, he said, the suit was perfectly bona fide.

Mr. McConnell said it is true there are only 400 members of the brokers association but they include all of the leading brokers. The members of the association, he said, are men like Ray Johnson, who writes all of the insurance for the Greyhound buses and has a premium business of \$1,000,000 a year. They are the leaders in the insurance field in Chicago, he asserted.

New Form to Cover Range Cattle, Sheep

(CONTINUED FROM PAGE 2)

live stock men, but it has become inconsistent with high prices and heavy demand generated by the war. Effort was made some months ago to interest the companies in forming a pool to write the line in view of the tremendous liabilities that would have to be assumed, but this fell through. The companies have been and continue to be reluctant to write the line because of the catastrophe hazard involved.

Although approval of the new form comes at the end of the season in which it would be used extensively, the filing of the form was made some weeks ago, the department only approving it as of Dec. 1. It is understood that a small individual company filed the regular windstorm live stock extension endorsement to cover range cattle at the regular rate for this endorsement of 84 cents, but the company's capacity is small. Companies are expected to accept business under the new form carefully and hold down their lines, seeking to get as much spread as possible. A single line involving a liability of \$1,000,000 is not uncommon.

While the rates seem high, they are not expected to discourage purchases of the protection. It is a bank practice to

charge a rate of 6% on the money loaned cattlemen for their season's operations, but if the cattle are insured, the rate is 4%. This is a two point saving and in view of the very large lines of credit, frequently running as high as \$250,000, would pay for a great deal of insurance. The tax situation is a factor. Also, stock men have expanded their operations and have a good deal more at risk than ordinarily.

Heretofore some of the companies would write fire, lightning and tornado insurance on range live stock, but not much of it was taken.

Chicago Brokers Avoid Vote

(CONTINUED FROM PAGE 1)

The tension was relieved late in the afternoon when one of the members demanded:

"Mr. McConnell, I wish you would tell us whether you are for this bill or against it."

Having been holding forth for 40 minutes against it Mr. McConnell was dumfounded but managed, amidst the laughter of the group, to allow that he was against it.

"Well, now," the same member persisted, "what is this bill? Does it provide for federal regulation?"

Mr. McConnell could only shake his head in sorrow.

In opening the meeting Mr. Johnson recalled that at the annual meeting Oct. 19, the question of the states rights bill came up, but as it had just been introduced, the members adopted a motion to refer it to the directors. Mr. Johnson said the matter was studied and the directors adopted a resolution against the bill and sent copies to the Illinois congressmen and other brokers associations.

McConnell Tells Views

Mr. McConnell declared that he has been charged with representing mutual companies and also with being connected with the Department of Justice, but he declared that the only insurance interests he has ever represented is the brokers association. He said he is not a new dealer and he is not in favor of federal regulation of insurance. He said he is in favor of preserving the things that the brokers fought for in their litigation with the Chicago Board and that is the only reason he is interested in the bills.

The legal aspects of the legislation were referred to him, he said, inasmuch as the brokers were being asked to sponsor the bill. The bill, he advised the directors is bad, but he stated it was not his prerogative to advise the organization on matters of policy.

Senator O'Mahoney of Wyoming, who is leading the fight against the bill, asked for a witness from the brokers association and the directors authorized Mr. McConnell to appear.

Fear Anti-Trust Issue

Mr. McConnell contended the brokers were able to win the Chicago Board fight because the companies were afraid of the anti-trust issue and he said the brokers could not take advantage of that law and then later vote to scrap it. Mr. McConnell argued that if the bills are passed, federal regulation will eventuate.

"If the insurance companies are left free to foster and create monopolies," he said, "the public will demand federal regulation."

Heads in Lion's Mouth

"They put their heads in the lion's mouth when they asked for specific exemption from the anti-trust laws," he declared. The states rights issue has been falsely injected into the question, he asserted. "It is a lot of mumbo jumbo by people running around who don't know what it's all about."

The historic U.S. Supreme Court decision Paul vs. Virginia holding that insurance is not commerce, Mr. McConnell characterized as "that old moth-eaten case." Mr. McConnell charged

that agents and brokers and their associations are writing to congressmen in favor of the bills because they are beholden to the companies. "They are not fooling the congressmen," he asserted.

"This," he averred, "is one of the stupidest performances that any great industry has ever tried to put across on the long suffering public."

Mr. Fetzler declared that he wished frequently that he were operating in an open and free market, but he said such a condition would not be in the public interest so far as fire insurance is concerned. The insurance record financially and in respect of claim paying has been magnificent.

The insurance business, he declared, is currently the battlefield over which the fight is being conducted as to whether there shall be an even greater centralization of power at Washington or whether there shall be a movement towards government back home. There is no possibility of state and federal control existing together in insurance, he asserted. If any measure of federal control is established, he declared, insurance people will have the same difficulty in getting questions answered and action taken as they do now in dealing with any of the federal bureaus and their regional offices.

After Mr. Fetzler had finished Mr. Berger desired to have others of his group speak, but Mr. Johnson insisted that the meeting be opened for questions.

Mr. Lavin at one point remarked that the National Association of Insurance Brokers had voted in favor of the states rights bills. Whereupon T. F. Coleman asked whether the directors of the national association had sounded out the sentiment of members before taking such action. Mr. Lavin said the directors were reflecting the overwhelmingly preponderant opinion.

The exchanges that took place around the room when the motion to take a poll was denied were extremely bitter.

O'Mahoney Holds Forth Against Insurance Bill

(CONTINUED FROM PAGE 24)

to make the conflict a little more even. Then somebody proposes to cut that bond," continued O'Mahoney. "The anti-trust law is the bond that holds the champion's hand behind him. This bill would cut that bond."

Kilgore announced that he may want to file a brief on the law of the situation. Van Nuys indicated this would be agreeable to him. He announced the record had been ordered printed.

In conclusion O'Mahoney suggested it would be "advisable for the committee to note what the National Board has been doing about this legislation." He stated he wanted "opportunity to discuss that."

Clause Limiting Liability for Window Smashing Construed by Court

The United States court of appeals, third circuit, reversed the judgment of the lower court in *Diesinger vs. American & Foreign* in an issue involving a jeweler's block policy. The claim arose from the robbery of a small jewelry store which the plaintiff conducted at Ardmore, Pa. On Dec. 21, 1940, at about noon, two armed men entered the store by the street door and looted it of practically the entire stock, part of which was in the show window and part in the vault. The total value was \$10,700 of stolen articles of which \$7,891 represented jewelry displayed in the show window and \$2,809 in the vault. The robbers did not smash or cut the plate glass window.

The verdict was for the plaintiff in the full amount of his claim less \$2,891, the amount by which the value of the jewelry taken from the show window exceeded \$5,000, the court having instructed the jury to make the deduction. The appeal court decided that the

National Brokers Head Tells Stand on Insurance Bills

BOSTON—Harry E. Moore, president of the National Association of Insurance Brokers, asked to comment on the position of the brokers anent the Bailey-Van Nuys bill, stated:

"In reply to an inquiry from THE NATIONAL UNDERWRITER as to the position of brokers regarding the Bailey-Van Nuys bills in Congress, it is a matter of record that the National Association of Insurance Brokers went on record as unanimously in favor of those bills.

"It was generally felt that the initiation of these measures offered a practical means of assuring to the insurance industry the perpetuation of states rights.

"Until recently it has been the understanding of the officers of our association that our ranks were unanimously in favor of the bills and exercising their influence toward their enactment. However, the Insurance Brokers Association of Illinois, for reasons which have already been made public, passed a special resolution at their annual meeting on Oct. 19 opposing the enactment of these two bills, their feeling being that although they were unanimously in favor of state regulation of the insurance business as opposed to federal control, they nevertheless contended that neither the Sherman nor the Clayton Acts 'if applicable to the insurance business would take from the states the right to regulate insurance within any state.' It is their contention that the present bills have nothing to do with the preservation of states rights, but had been injected for far different purposes.

"The insurance business is unquestionably being attacked. In fact the public statements emanating from the press, radio commentators, and certain prominent public officials have descended to the level of a smear campaign. This was particularly apparent in connection with the TNEC investigation of life insurance companies, and latterly with regard to the sinister character of the charges incidental to the indictments of the fire insurance companies in the Southeastern Underwriters case.

"Permit me to point out that, after all, this attack is not so much upon the insurance business as it is upon the supervision of the insurance business by state officials, who have through a half century or more capably and satisfactorily served and protected the public interests."

Direct Advertising to Women, Ad Man Suggests

In pointing out the possibilities to newspapers in securing advertising from insurance men, Frank E. Fehlman, market analyst of "Editor & Publisher," suggested directing fire insurance advertising to women. In his research work, Mr. Fehlman reported that he has learned that women dread fire just as much as they dread snakes, and that although the average woman may discourage her husband from buying additional life insurance, she is very eager to insure her home.

It is suggested that advertising directed at the wife and mother of the home be run on the women's, society or homemaker's page of the paper.

policy was not voided since the promise concerning the maximum amount was not material to the risk in a holdup by armed bandits during business hours. The court also constructed a clause in the policy limiting the liability of the insurer to \$5,000 for loss from window smashing to mean merely a special limitation and not a general one for loss through every kind of robbery. Since the limitation related only to window smashing, the plaintiff was entitled to recover the full amount of the loss, the higher court held.



Never mind "who done it"—pitch in and help get it down!

THIS IS YOUR UNCLE SAM talking—but I'm going to talk to you like a DUTCH uncle, to keep all of us from going broke.

Ever since the Axis hauled off and hit us when we weren't looking, prices have been nudging upwards. Not rising awfully fast, but RISING.

Most folks, having an average share of common sense, know rising prices are BAD for them and BAD for the country. So there's been a lot of finger pointing and hollering for the OTHER FELLOW to do something—QUICK.

The government's been yelled at, too. "DOG-GONNIT," folks have said, "WHY doesn't the government keep prices down?"

Well, the government's done a lot. That's what price ceilings and wage controls are for—to keep prices down. Rationing helps, too.

But let me tell you this—we're *never* going to keep prices down just by leaning on the government and yelling for the OTHER FELLOW to mend his ways.

We've ALL got to help—EVERY LAST ONE OF US.

Sit down for a minute and think things over. Why are most people making more money today? It's because of the SAME cussed war that's killing and maiming some of the finest young folks this country ever produced.

So if anyone uses his extra money to buy things he's in no particular need of . . . if he bids against his neighbor for stuff that's hard to get and pushes prices up . . . well, sir, he's a WAR PROFITEER. That's an ugly name—but there's just no other name for it.

Now, if I know Americans, we're not going to do that kind of thing, once we've got our FACTS straight.

All right, then. Here are the seven rules we've got to follow as GOSPEL from now until this war is over. Not some of them—ALL of them. Not some of us—ALL OF US, farmers, businessmen, laborers, white-collar workers!

Buy only what you need. A patch on your pants is a badge of honor these days.

Keep your OWN prices DOWN. Don't ask higher prices—for your own labor, your own services, or goods you sell. Resist all pressure to force YOUR prices up!

Never pay a penny more than the ceiling price for ANYTHING. Don't buy rationed goods without giving up the right amount of coupons.

Pay your taxes willingly, no matter how stiff they get. This war's got to be paid for and *taxes are the cheapest way to do it.*

Pay off your old debts. Don't make any new ones. **Start a savings account** and make regular deposits. Buy and keep up life insurance.

Buy War Bonds and hold on to them. Buy them with dimes and dollars it HURTS like blazes to do without.

Start making these sacrifices now—keep them up for the duration—and this country of ours will be sitting pretty after the war . . . *and so will you.*

KEEP PRICES DOWN!

Use it up • Wear it out
Make it do • Or do without

Uncle Sam

This advertisement, prepared by the War Advertising Council, is contributed by this magazine in co-operation with the Magazine Publishers of America.

Season's Greetings TO OUR FRIENDS

AT HOME AND ABROAD

Around the **GLOBE**



BACK THE ATTACK
BUY WAR BONDS



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